

CHAPTER THREE

METHODOLOGY

3.1 Research Design

This study employed descriptive, correlation analysis and ECM to explain the extent to which microfinance operations since its inception has broadened economic development in Nigeria. For this study, relevant data were obtained from the NDIC's annual reports. Human Development Indicator (HDI) was employed as proxy for economic development, while other variables, such as deposit and total loan of microfinance banks were employed to capture microfinance institutions' performance.

3.2 Sources of Data Collection

In this research work, two different source of data collection was used which are primary and secondary source of data collection. Relevant primary data was collected through structured questionnaires which were distributed to staffs of the Nigeria police microfinance bank. Secondary data involved data collection from the academic journals, texts book, gazettes and other related projects that have direct bearing on the research was consulted and used.

3.3 Population Size

As of 2022, there were about 916 licensed microfinance banks (MFBs) in Nigeria, many of which have tens of thousands of customers each. For the population, Nigeria Police Microfinance Bank (NPMB), not all microfinance banks was used. All clients (customers), employees, and stakeholders of NPMB will also be used. This includes individuals who use the bank's services (savings, loans, etc.) and staff involved in operations across various branches in Nigeria, hence 397 participants (calculated using Slovin's formula) were selected.

3.4 Sample and Sampling Techniques

Sampling is defined by Chandran (2004), as a method used in drawing samples from a population usually in such a manner that the sample facilitated determination of some

hypothesis concerning the population. This study sampled the Nigeria police microfinance bank was purposely selected using purposive sampling technique.

Stratified and Convenience Sampling techniques was employed for this study.

3.4 Research Instrument

According to Chandran (2004), Questionnaires provide a high degree of data standardization and adoption of generalized information amongst any population. They are useful in a descriptive study where there is need to quickly and easily get information from people in a non-threatening way. They provide flexibility at the creation phase in deciding how questions were administered. Secondary data was gathered through academic journals, texts book, gazettes and other related projects.

3.5 Method of Data Analysis

Quantitative and qualitative techniques was used to undertake data analysis. Qualitative data analysis involved explanation of information obtained from the empirical literature open ended questions from the questionnaire. Quantitative analysis involved use of numeric measures in establishing the scores of responses provided. This entailed generation of descriptive statistics after data collection, estimation of population parameters from the statistics, and making of inferences based on the statistical findings, with help of Statistical Package for Social Sciences (SPSS).

Strength of the relationship was determined by the value of r^2 . The value of r^2 ranges from 0 to 1. Values of 0 show no relationship, while 0.5 show moderate relationship and values above 0.7 show strong relationship.

The statistical test of significance was performed at the 95% confidence level. Then compute the aggregate mean score of each variable using all the items in the questionnaire measuring that variable. The mean score was then be used to perform the regression analysis.

The results of the numerical data was now be interpreted based on the research objectives and thereafter conclusion and recommendations made and presented in tables.