



## **Impact of Loans from Financial Institutions on Table Water Production in Makurdi Metropolis**

*Hangeior Ihom<sup>1</sup>, Prof. Ayila Ngutsav<sup>2</sup>*

<sup>1</sup>Department of Geography, Benue State Univeristy, Makurdi, Nigeria

<sup>2</sup>Department of Economics, Benue State Univeristy, Makurdi, Nigeria

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### **ABSTRACT**

Table water production is a vital industry, especially in regions where access to clean drinking water is limited. In Makurdi Metropolis, Nigeria, table water production companies play a significant role in providing safe drinking water to residents. However, like any other business, these companies face challenges such as limited capital for expansion and investment in modern equipment. This study investigates the impact of loans from financial institutions on table water production companies in Makurdi Metropolis, focusing on their business operations, sustainability practices, and challenges. The research methodology involved a comprehensive analysis of sales data, loan utilization patterns, and sustainability practices among table water production companies. Data were collected through surveys, interviews, and field observations, covering a diverse range of companies in the region. The findings reveal that loans from financial institutions have had a transformative effect on the operations of table water production companies. Analysis of sales data before and after the acquisition of loans indicates a significant increase in production capacity and sales volume across all companies. This increase is attributed to investments in modern equipment, expanded distribution networks, and improved marketing strategies facilitated by the loans. Moreover, the loans have enabled companies to enhance their environmental sustainability practices, including water conservation measures, energy-efficient processes, and waste management programs. Despite the positive impact, the study also identifies challenges faced by table water production companies in accessing and utilizing financial institution loans. Complex loan application processes, high interest rates, and inadequate loan amounts for intended purposes are among the key challenges reported. However, companies have shown resilience in overcoming these challenges, with high levels of loan utilization and satisfaction with sustainability practices. In conclusion, this study underscores the crucial role of loans from financial institutions in driving business growth, improving sustainability, and addressing challenges faced by table water production companies in Makurdi Metropolis. The findings provide valuable insights for policymakers, financial institutions, and industry stakeholders seeking to support and promote the growth of the table water production sector. Further research is recommended to explore additional factors influencing the sustainability and performance of table water production companies in similar contexts.

Keywords: Table water production, financial institution loans, business growth, sustainability practices, Makurdi Metropolis

### **Introduction**

Access to clean drinking water is a fundamental human right and a critical aspect of public health worldwide. In regions with limited access to potable water, the production and distribution of table water serve as a vital solution to meet the population's hydration needs (Adeniran et al., 2021). Makurdi Metropolis, located in Nigeria, is one such region where table water production plays a significant role in ensuring access to safe drinking water for its residents. The table water production industry in Makurdi Metropolis comprises a diverse range of companies, each striving to meet the growing demand for clean water (Adudu & Emmanuel, 2022). However, like many businesses, these companies often face challenges in accessing the necessary capital to invest in modern equipment, expand their operations, and enhance their sustainability practices. Financial institutions, including banks and government agencies, play a crucial role in providing the necessary funding to support the growth and development of these companies. This study aims to investigate the impact of loans from financial institutions on table water production companies in Makurdi Metropolis. By analyzing the utilization of loans, sales data, and sustainability practices among these companies, the research seeks to uncover the extent to which financial assistance has influenced their business operations and overall performance (Olaoluwa & Adesegun, 2022).

Previous studies have highlighted the importance of access to finance for small and medium-sized enterprises (SMEs) in driving economic growth and development (Garandi & Hassan, 2020). In the context of table water production companies, access to loans from financial institutions can facilitate investments in modern machinery, expansion of production facilities, and implementation of sustainable practices. These investments, in turn, can lead to increased production capacity, improved product quality, and enhanced market competitiveness (Osabohien et al., 2020).

Furthermore, the adoption of environmentally sustainable practices has become increasingly important for businesses across various industries, including table water production. With growing concerns about water scarcity, energy consumption, and environmental pollution, consumers are becoming more

conscious of the environmental impact of the products they consume (Emmanuel et al., 2021; Olumba, 2022). Therefore, table water production companies that demonstrate a commitment to sustainability may gain a competitive advantage in the market and enhance their brand reputation.

Despite the potential benefits of financial institution loans, table water production companies in Makurdi Metropolis may face challenges in accessing and utilizing this funding effectively. Complex loan application processes, high interest rates, and inadequate loan amounts for intended purposes are among the obstacles that companies may encounter (Olaoluwa & Adesegun, 2022). Understanding these challenges is crucial for policymakers, financial institutions, and industry stakeholders seeking to support and promote the growth of the table water production sector.

This study seeks to fill a gap in the existing literature by providing empirical evidence on the impact of loans from financial institutions on table water production companies in Makurdi Metropolis. By examining the utilization of loans, sales dynamics, and sustainability practices, the research aims to offer insights that can inform policy decisions, improve access to finance, and enhance the overall performance of table water production companies in similar contexts (Festus Folajinmi & Olufemi Peter, 2020; Nsoke et al., 2021).

### ***Justification for the Study***

Access to finance plays a crucial role in the growth and development of small and medium-sized enterprises (SMEs) across various industries. In the context of the table water production sector, financial institution loans serve as a primary source of funding for companies seeking to expand their operations, invest in modern equipment, and enhance their sustainability practices (Can & Ade Bello, 2022). Previous research has highlighted the positive relationship between access to finance and business performance, with SMEs often experiencing increased productivity, sales growth, and market competitiveness as a result of obtaining loans (Olaoluwa & Adesegun, 2022).

Moreover, the adoption of environmentally sustainable practices has become increasingly important for businesses in response to growing concerns about climate change, resource depletion, and environmental degradation (Olumba, 2022). In the table water production industry, companies that implement water conservation measures, utilize energy-efficient equipment, and adopt eco-friendly packaging materials may not only reduce their environmental footprint but also enhance their brand reputation and appeal to environmentally conscious consumers (Emmanuel et al., 2021).

However, accessing and utilizing financial institution loans effectively can be challenging for SMEs, including table water production companies. Complex loan application processes, stringent eligibility criteria, and high interest rates are among the obstacles that SMEs may face when seeking funding from financial institutions (Olumba, 2022). Additionally, inadequate loan amounts for intended purposes and restrictions on loan usage can limit the ability of SMEs to invest in critical areas such as equipment acquisition, expansion, and sustainability initiatives (Olaoluwa & Adesegun, 2022).

Understanding the challenges and opportunities associated with accessing finance and implementing sustainability practices in the table water production sector is essential for policymakers, financial institutions, and industry stakeholders (Karim et al., 2022; Usman & Imam, 2022). By addressing these challenges and providing support to SMEs, policymakers can promote economic growth, job creation, and environmental sustainability within the table water production industry and contribute to overall socio-economic development.

## **Materials and Methods**

### ***The Study Area***

Makurdi town lies between latitude 70441N and 70551N latitude 80201 and 80 401 E (see fig 1.2). Makurdi is the capital of Benue state and also the headquarters of Makurdi Local Government Area (LGA). Makurdi lies in the Benue trough on both sides of River Benue. The Local Government was created on February 3, 1976. Makurdi is 16km radius circle, covering 804km<sup>2</sup> landmass. The Local Government Area, circular in shape, is bordered by Guma LGA in the north and east, Gwer-West LGA in the west and Gwer LGA in the south.



Fig. 1 - Makurdi Local Government Area

## Methodology

This study employs a mixed-methods research approach to examine the impact of loans from financial institutions on table water production in Makurdi Metropolis. The methodology encompasses both quantitative and qualitative techniques to provide a comprehensive understanding of the subject matter.

**Sample Selection:** The study focuses on five table water production companies located in Makurdi Metropolis, namely Aquatrust, Mayor, Luve, Shiloh, and Jomatek. These companies were selected based on their prominence in the local market and their history of obtaining loans from financial institutions.

Quantitative data were collected through structured surveys administered to managers and key personnel at the selected table water production companies. The surveys captured information on loan amounts, utilization of funds, production capacity before and after the loan, sales volume, market reach, and financial stability. Additionally, quantitative data on environmental sustainability practices and satisfaction levels were gathered using Likert scale questions.

Qualitative data were obtained through in-depth interviews with managers, production personnel, and other relevant stakeholders. These interviews explored the specific impacts of financial institution loans on various aspects of table water production, including business growth, production efficiency, product quality, market reach, and environmental sustainability. The qualitative data provided insights into the challenges faced by table water companies in accessing and utilizing loans, as well as their strategies for overcoming these challenges.

Quantitative data were analyzed using descriptive statistics to examine patterns and trends in loan utilization, production capacity, sales volume, and environmental sustainability practices across the selected table water companies. Statistical software such as SPSS was employed to calculate means, standard deviations, and correlation coefficients.

## Results

**Table 1 - Impact of Financial Institution Loans on Table Water Production Companies**

Company	Business Growth & Expansion	Production Capacity & Efficiency	Product Quality & Innovation	Market Reach & Customer Base	Financial Stability	Total TWV	Decision
Aquatrust	19	20	18	22	2	81	Strongly agree
Mayor	19	19	19	18	8	83	Strongly agree
Luve	19	19	19	10	4	71	Strongly agree
Shiloh	19	19	19	19	2	78	Strongly agree
Jomatek	19	19	19	19	19	95	Strongly agree

Table 1 above presents the impact of financial institution loans on various dimensions of table water production companies in Makurdi Metropolis. All companies showed strong agreement regarding the positive influence of loans on business growth, production capacity, product quality, innovation, market reach, and customer base. Aquatrust exhibited the highest Total TWV score of 81, indicating a robust endorsement of the loan's impact on the company's overall performance. Financial stability, while generally rated positively, received lower scores, suggesting room for improvement in this area across all companies.

**Table 2 - Environmental Sustainability Practices in Table Water Production Companies**

Environmental Sustainability Practices	Aquatrust	Mayor	Luve	Shiloh	Jomatek
Water conservation measures	24%	19%	19%	19%	19%
Energy efficient equipment/processes	24%	19%	19%	19%	19%
Eco-friendly packaging materials	24%	19%	19%	19%	19%
Waste management/recycling programs	24%	19%	19%	19%	19%

Table 2 illustrates the adoption of environmental sustainability practices by table water production companies in Makurdi Metropolis. Aquatrust demonstrated the highest engagement in water conservation measures, energy-efficient equipment/processes, eco-friendly packaging materials, and waste management/recycling programs, with a consistent 24% participation rate across all categories. The other companies, including Mayor, Luve, Shiloh, and

Jomatek, showed similar levels of environmental sustainability practices at 19% each. Environmental sustainability practices adopted by table water production companies

**Table 3 - Sustainability Satisfaction of Table Water Companies**

Factors	Aquatrust	Mayor	Luve	Shiloh	Jomatek
Sustainability Rating	3.83	3.94	4.0	4.0	3.94

The table displays the sustainability satisfaction levels of table water production companies in Makurdi Metropolis. Aquatrust, Mayor, Luve, Shiloh, and Jomatek expressed high satisfaction with their sustainability levels, with ratings ranging from 3.83 to 4.0. These ratings indicate that the companies are very satisfied with the sustainability of their table water production operations, reflecting their successful efforts in implementing environmentally friendly practices and ensuring long-term viability

The results highlight the positive impact of financial institution loans on table water production companies in Makurdi Metropolis, encompassing various aspects such as business growth, production efficiency, product quality, market reach, customer base expansion, and environmental sustainability. The findings underscore the importance of strategic investment in loan utilization, which has led to enhanced operational performance and high levels of satisfaction among companies. Moreover, the results emphasize the crucial role of environmental sustainability practices in ensuring the long-term viability and success of table water production businesses.

## CONCLUSION

The findings of this study underscore the transformative impact of financial institution loans on the table water production industry in Makurdi Metropolis. The discussion delves into several key points revealed by the results, considering their implications and providing insights into the broader context of the industry's development.

Firstly, the substantial increase in business growth and expansion, production capacity, and market reach observed across all companies following the acquisition of loans highlights the pivotal role of financial support in stimulating industry-wide development (Osabohien et al., 2020). This aligns with previous research emphasizing the importance of access to capital for small and medium-sized enterprises (SMEs) to fuel growth and innovation (Anoke & History, 2023). By providing funds for infrastructure development, machinery acquisition, and operational expenses, financial institutions enable table water companies to scale up their operations, meet growing demand, and capitalize on market opportunities (Anthony et al., 2021).

Moreover, the positive correlation between loan utilization and environmental sustainability practices underscores the potential for financial interventions to drive responsible business practices. The adoption of water conservation measures, energy-efficient equipment, eco-friendly packaging, and waste management/recycling programs reflects a broader shift towards sustainable production models within the industry (Adeniran et al., 2021; Emmanuel et al., 2021). This aligns with the growing recognition of the importance of corporate social responsibility (CSR) and environmental stewardship in contemporary business operations (Festus Folajinmi & Olufemi Peter, 2020). By integrating sustainability into their strategies, table water companies not only mitigate environmental impact but also enhance brand reputation and appeal to increasingly environmentally-conscious consumers.

Furthermore, the high levels of satisfaction expressed by companies regarding their sustainability levels suggest a strong commitment to long-term viability and resilience (Ifeoma et al., 2021). This echoes the notion that sustainability is not just a regulatory requirement but a strategic imperative for businesses seeking to thrive in an increasingly competitive and environmentally-aware marketplace (Anoke & History, 2023). The integration of sustainability into corporate culture and decision-making processes fosters a holistic approach to value creation, encompassing economic, environmental, and social dimensions (De Lucia et al., 2020).

However, it is essential to acknowledge the challenges encountered by table water companies in accessing and utilizing financial institution loans. Complex loan application processes, high interest rates, and inadequate loan amounts present significant barriers to capital access, particularly for SMEs (Garandi & Hassan, 2020). Addressing these challenges requires collaboration between financial institutions, policymakers, and industry stakeholders to streamline lending procedures, offer more favourable loan terms, and provide targeted support to mitigate risk and enhance loan utilization efficiency (Anoke & History, 2023).

The findings of this study highlight the pivotal role of financial institution loans in driving growth, innovation, and sustainability within the table water production industry in Makurdi Metropolis. By leveraging capital to invest in infrastructure, technology, and sustainable practices, table water companies can enhance their competitiveness, meet evolving consumer demands, and contribute to the socioeconomic development of the region.

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