

EFFECTS OF MICROFINANCE ON WOMEN EMPOWERMENT IN ONDO AND EKITI STATES: 2010-2020

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ABSTRACT

Microfinance constitute vital micro-economic policy that is having objectives to enhance micro-credit facilities, poverty reduction among the low-income earners and enhance women empowerment in Nigeria. The issue of women empowerment is vital to socio-economic development in Nigeria of which Ekiti and Ondo States inclusive. Thus ,this study examined the effects of microfinance on women empowerment in Ekiti and Ondo States:2010-2020. Literatures have observed the inverse relation between population of women compare to women in respect of economic and political empowerment in Nigeria. In regards to inadequate women empowerment in Ekiti and Ondo States, the study has the objectives to investigate the effectiveness of microfinance institutions in delivering micro-credit facilities to women, determine the challenges and strategies that can enhance retail trade and small-scale job creation by micro-credit institutions in both Ekiti and Ondo States. The research methodology made use of mixed-method approach which entails analysis of quantitative and qualitative data. Findings from the study indicate that microfinance interventions contribute to capacity of women in the development of retail business, enhance alleviation of poverty of rural poor, provide micro-credit economic interventions, enhance the gender dynamics and role of women in communities and women empowerment. While, critics of microfinance viewed it as a form shylock business and exploitation of the needy and less-privileged women in the society. Conclusively, the study provides feasible policy measures that will enhance micro-finance institutions in aspects of micro-credit service delivery and empowerment of the people especially women in Ekiti and Ondo States.

Keywords: Microfinance, Credit facility, Women empowerment, Ekiti and Ondo States

Introduction

Microfinance is a financial policy that is considered in developing countries as economic strategy for poverty alleviation, inclusive financial growth and women empowerment. Ramchandani (2017) posit that, microfinance plays a key development role in reducing poverty, addressing women's empowerment and fostering rural growth, while Caramela (2018), views microfinance as a category of financial services targeting individuals and small business who lack access to conventional banking and related services.

The idea behind microfinance in Nigeria is that the poor women, low-income earners and small-scale business will access to micro-credits services such as loans without collaterals, investments and micro-insurance would be empowered economically to alleviate themselves from poverty, enhances their retail business and boost their financial status. Thus, Cheston and Kuhn (2002) support the notion that empowering of women is feasible through microfinance.

The incidence of women low empowerment is a socio-economic phenomenon in Nigeria that is not exclusive to Ondo and Ekiti States alone, which is a reflection of the patriarchal social setting of Nigerian society in which men hold power and predominate in roles of political leadership, social privilege, control of resources and property to the detriment of the women.

In Ondo and Ekiti states, women constitute almost fifty percent of their total population yet women are under-represented politically and in the area of entrepreneurship to the detriment of the entire society. It is assumed that, for any meaningful socio-economic development in aforementioned states, women empowerment through microfinance is crucial to the overall development of Ondo sand Ekiti states.

Statement of the Problem

In Ekiti state, female constitute almost half of the entire population of the state 1,183,470 for female out of the total population of 2,398,957 National Population Commission (2010). While that of Ondo State, Women comprises of almost half of the state's total population which is 3,460,877 comprising of 1,745,057 males and 1,715,820 females (Ondo State Bureau of Statistics (2009) and National Population Commission (2010)

However, in regards to women economic empowerment, there is observable perceived inverse relation between female population vis-a-vis their level of financial inclusiveness and economic empowerment in both Ondo and Ekiti States. It is a concern to observed that women aspirations of economic entrepreneurship could be weakened due to non-access to micro-credit facilities by the poor and rural women as a result of stringent collateral requirements by the conventional banks which are mega banks in nature. These are missing-gaps that constitute the research problems of

the study which the institutional research will address. Also, the notion whether microfinance services offer by micro-credit institutions enhances women's economic empowerment or not will also be examined in this study.

The study was justified on the basis that it made efforts to identify the challenges militating against women economic empowerment and analyze the potential effects of microfinance on women empowerment in Ondo and Ekiti States.

Objective of the study

The objectives of this study were as follows:

- i. To evaluate women access to micro credit facilities being provided by microfinance institution.
- ii. To determine which of the microfinance products and services that impact more on women empowerment in Ondo and Ekiti states.
- iii. To ascertain the level of success of microfinance in poverty reduction, job creation and women empowerment in Ondo and Ekiti States.
- iv. To evaluate the socio-economic factors hindering the empowerment of women in Ondo and Ekiti States.
- v. To determine policy measures that can enhance microfinance service delivery and women economic empowerment in Ondo and Ekiti States.

Literature review

Several literatures have been written on microfinance and women empowerment especially by scholars in Asian continent and within African sub-region, among the scholars and publication that address the important benefits that access can be benefit to the lives of the poor are the works of John and Rogaly (1997), Yunus (1998), Central Bank of Nigeria (2011), Gueyi, Manson and Yaron (2013), Temba (2016), Ulrich' (2017), Ramchandani (2017), and Caramela (2018).

Yunus (1999), through his scholarly publication: banker to the poor is regarded as the pioneer of microfinance based on his innovation of establishing of the Grameen Bank in 1974 and its microfinance model at providing credit to poor so that it can boost self-employment opportunities in Bangladesh. (Moreno, (2010).

Microfinance institutions are established to provide micro-credit services to their customers who are mainly poor and low-income earners in rural and urban areas without demanding for stringent collaterals. According to Startcredits (2020) there is a vast array of microfinance banks in Nigeria over 1000 with over 200 domiciled in Lagos. The essence of microfinance in Nigeria has been justified by the Central Bank of Nigeria through its microfinance policy framework of 2005 which gives the entrepreneur opportunities for low-income earners the financial services to boost their business. According to Central Bank of Nigeria (2011), the rationale for microfinance was that no inclusive growth can be achieved without improving access of low-income households and entrepreneurs to factors of production, especially financial services.

The existence and benefits of microfinance has been justified by Hunt and Kasynathan (2001) by opined that, there is a clear and direct a relationship between access to credit and increase in the status of women within their households and communities due to microfinance.

However, there are counter-arguments against the operation of micro-finance, Zeller, Lapenu, and Greeley (2003) cited by Kamran and Faheen (2010) have argued that, the relationship between microfinance and the economic and social development of its clients have not been indicated. Also, the short- term credits being provided by microfinance at commercial rates cannot help to improve lives of the poor. Also, the poor do not easily access micro credits facilities from banks in Nigeria due to stringent loan accessing regulations impose on their customers.

Theoretical Framework

The theoretical framework of this research is based on Grameen Bank Microfinance an experimented model as envisioned by professor Muhammad in 1976. Gramen Bank as practiced according to is a credit delivery system that targets the poorest of the poor, with a particular emphasis on women who receive 95 percent of the bank loans(Evaristus, Schuyler & Aprajita 2014).

The Gramen Bank Microfinance have peculiar features which targets the poorest of the poor and with focuses on women in rural areas in Bangladesh, there is group that can access collateral free lending and there is rural banking and the borrowers who are low-income earners can borrow multiple loans that the same time and borrowers can pay back their loans installmentally.

On a general note, Gramen model of microfinance may not be a solution for poverty alleviation in the developing countries due to its limitations, however the achievement recorded has shown than the model has emerged as a microfinance model or approach to poverty alleviation and women empowerment.

It is imperative in this study to conceptualize empowerment and women empowerment in order to enrich the research proposal. Empowerment is a multidimensional process that helps people gain authority over their own socio-economic activities Banu. as cited by Andhra (2015) defined women's empowerment as the capacity of women in reducing their socio-economic vulnerability and dependency on male household members, improving involvement and control over household decisions, household expenses, increased self-confidence and awareness of social issues.

Methodology

In the assessment and realization of the research objectives, a survey design will be used for this study, a sample of 600 respondents were drawn using purposive random sampling techniques from the selected nine towns from the three selected local governments in Ekiti state. Comprising Ido-Osi local government (Ekiti North Senatorial District) Ado Ekiti local government (Ekiti Central Senatorial District) and Ikere Local Government (Ekiti South Senatorial District).

In Ondo State, a sample of 600 respondents were drawn using purposive random sampling technique from the nine towns from the three selected local governments in Ondo State. The local government areas to be selected are Owo Local Government area (Ondo North Senatorial District) Akure South Local Government Area (Ondo Central Senatorial District) and Okitipupa Local Government area (Ondo South Senatorial District) the data to be collected will be quantitatively analyze by using descriptive statistics, tables and charts for graphics illustration.

Location the study

This research study will be conducted both in Ondo and Ekiti States. Ondo State was created Ondo State was created in 1976, it is bounded by Osun and Ogun on the west, Kogi and Ekiti on the North, Edo State on the east, Delta State to the southeast. The state is mainly an agrarian state and Yoruba speaking in nature. Also, there are other ethnic groups residing in Ondo State, i.e. Edo, Ekiti, Ebir, Ibo, Uhrobo, Hausa-Fulani.

Ekiti State was created out of the then Old Ondo State. Ekiti State is also an agrarian state populated mainly by the Ekitis. Other ethnic groups such as Ibo, Hausa-Fulani, Ijeshas are residing in Ekiti State. Geographically, Ekiti State is bounded by Kwara and Kogi states to the North, Ondo State to the South, Osun State to the west, Ondo to the east.

Study Area

This study will be conducted in selected rural and urban communities both in Ondo and Ekiti States. One local government per senatorial district will be chosen using sampling techniques method. Each local government will be represented by three towns. Thus, three communities per local government in each senatorial district and a total of nine selected communities representing the three senatorial districts in Ondo State.

Table 1: Design outlay for selecting study area in Ondo State.

S/N	Senatorial District	Local Government areas to be Selected	Total number of towns per Local Govt.	Towns to be selected per Local Government	Total
1.	Ondo North	Owo	Owo, Ipele and Ijebu	3	3
2.	Ondo Central	Akure South	Akure, Awule, Igbatoro	3	3
3.	Ondo South	Okitipupa	Okitipupa, Ode-Aye, Igbotako	3	3
Total	3	3	9	9	9

Table 2: Design outlay for selecting study Area in Ekiti State

S/N	Senatorial District	Local Government to be Selected	Total number of towns per Local Govt.	Towns to be selected per Local Government	Total
1.	Ekiti North	Ido-Osi	Ido-Ekiti, Ifaki, Orin	3	3
2.	Ekiti Central	Ado Ekiti	Ado-Ekiti, Igirigiri, Ago Aduloju	3	3
3.	Ekiti South	Ikere	Ikere metropolis, Ajebandele, Olumilua	3	3
Total	3	3	9	9	9

Reason for the Study Areas/Location

A total of six local governments cutting across six senatorial districts in both Ondo and Ekiti states were used for the research study, the towns and communities selected have some features of urban and rural areas. This enabled the evaluation of the impact of microfinance on women

empowerment in Ondo and Ekiti States: 2010–2020 to be adequately studied in the course of the study.

Sample Frame Participants

The participants for this research study were residents and financial institutions of the selected eighteen rural and urban towns in Ondo and Ekiti States, which include the following, market women, retailers, low-income earners in the rural areas and employees of micro-credit institutions

Method of Data Collection

The method of data collection was a mixed-method approach that will include the use of structured questionnaire, focused group discussion, and interviews of key respondents in the selected towns. Also, secondary data were gathered from relevant publication to the research.

Data Analysis Techniques

The researchers made use of Statistical Package for Social Science (SPSS) to analyze the data that were collected during the field work.

Fig:1

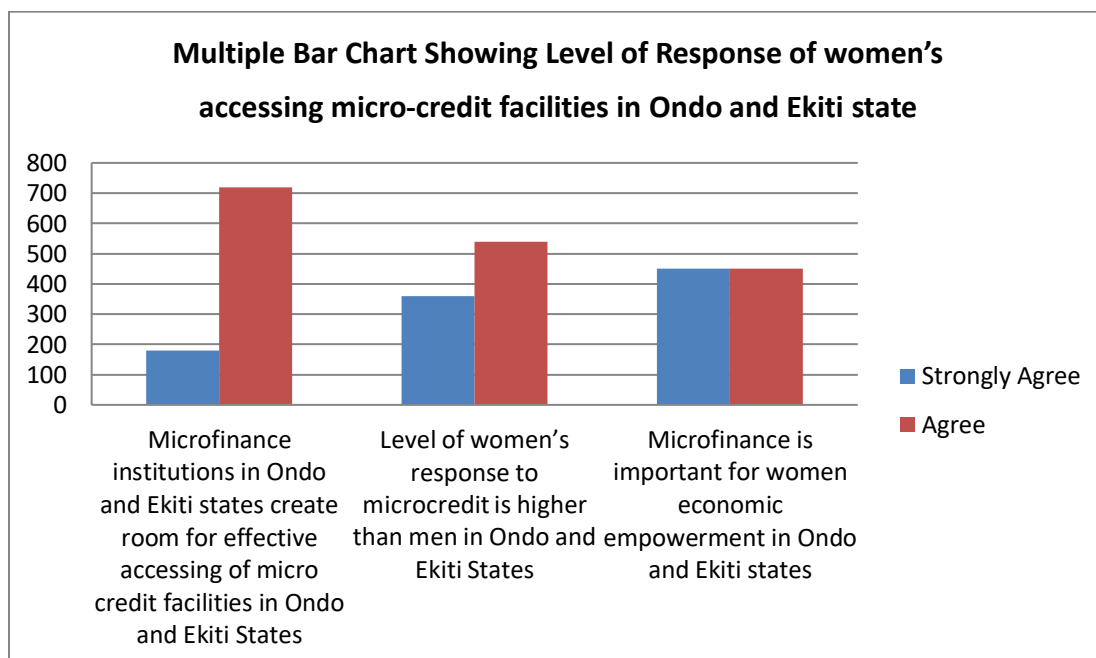


Table 3: STATISTICS

	mean	median	Standard deviation	mode
Microfinance institutions in Ondo and Ekiti states create room for effective accessing of micro credit facilities in Ondo and Ekiti States	1.80000	2.0000	0.40022	2.0000
Level of women’s response to microcredit is higher than men in Ondo and Ekiti States	1.60000	2.0000	0.49017	2.0000
Microfinance is important for women economic empowerment in Ondo and Ekiti states	1.50000	1.5000	0.50028	1.0000

Table 3, represent the statistics result for the research question ‘Level of Response of women’s accessing micro-credit facilities in Ondo and Ekiti state’ the value for the mean of the respondents response for the question of Microfinance institutions in Ondo and Ekiti states create room for effective accessing of micro credit facilities in Ondo and Ekiti states is 1.8, that of Level of women’s response to microcredit is higher than men in Ondo and Ekiti states is 1.6000, while that of Microfinance is important for women economic empowerment in Ondo and Ekiti states is 1.5000. The results of the analysis shows that majority strongly agree that Microfinance is important for women economic empowerment in Ondo and Ekiti States.

Fig:2

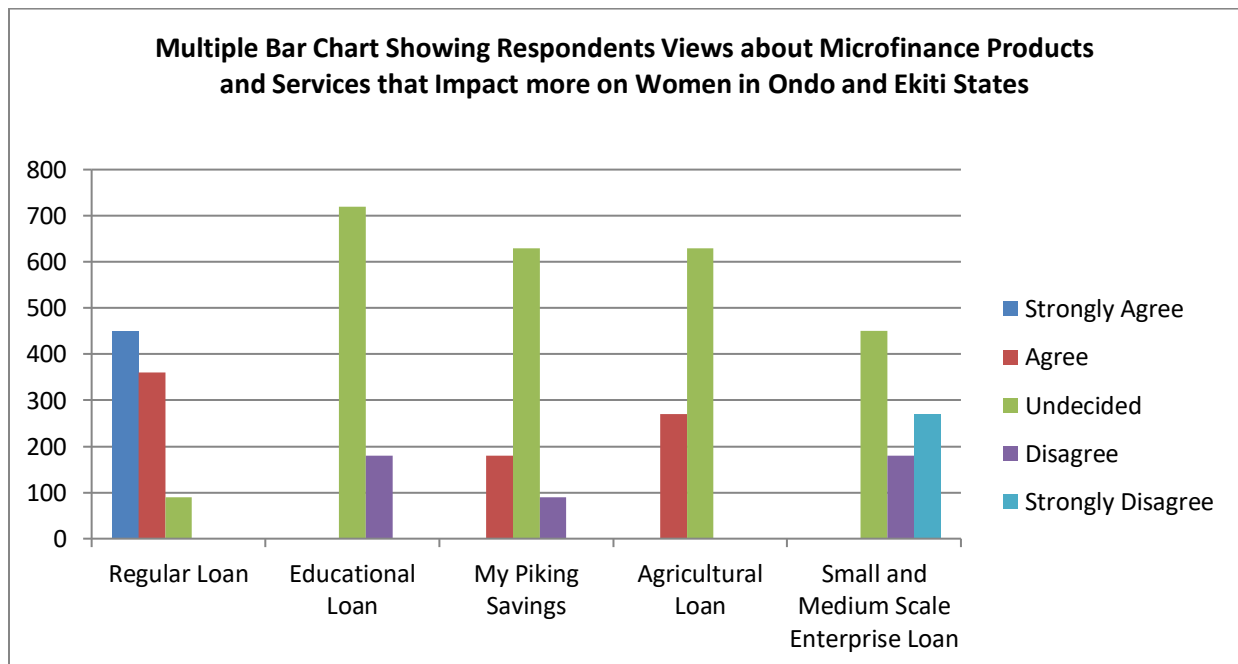


Table 4: STATISTICS

	Mean	median	Standard deviation	mode
Regular Loan	1.6	5.0	0.66369	1.0
Educational Loan	3.2	3.0	0.40022	3.0
My Piking Savings	2.9	3.0	0.53882	3.0
Agricultural Loan	3.7	4.0	0.45851	4.0
Small and Medium Scale Enterprise Loan	3.8	3.5	0.87226	3.0

Table 4 above represents the statistics result for the research question ‘Respondents Views about Microfinance Products and Services that Impact more on Women in Ondo and Ekiti States’. As can be seen from the table, the value for the mean of the Regular Loan is 1.6, that of Educational Loan is 3.2, My Piking Savings is 2.9, Agricultural Loan is 3.7 and that of Small and Medium Scale Enterprise Loan is 3.8. The results of the analysis show majority strongly agree that Regular Loan Impact more on Women in Ondo and Ekiti States

Fig: 3

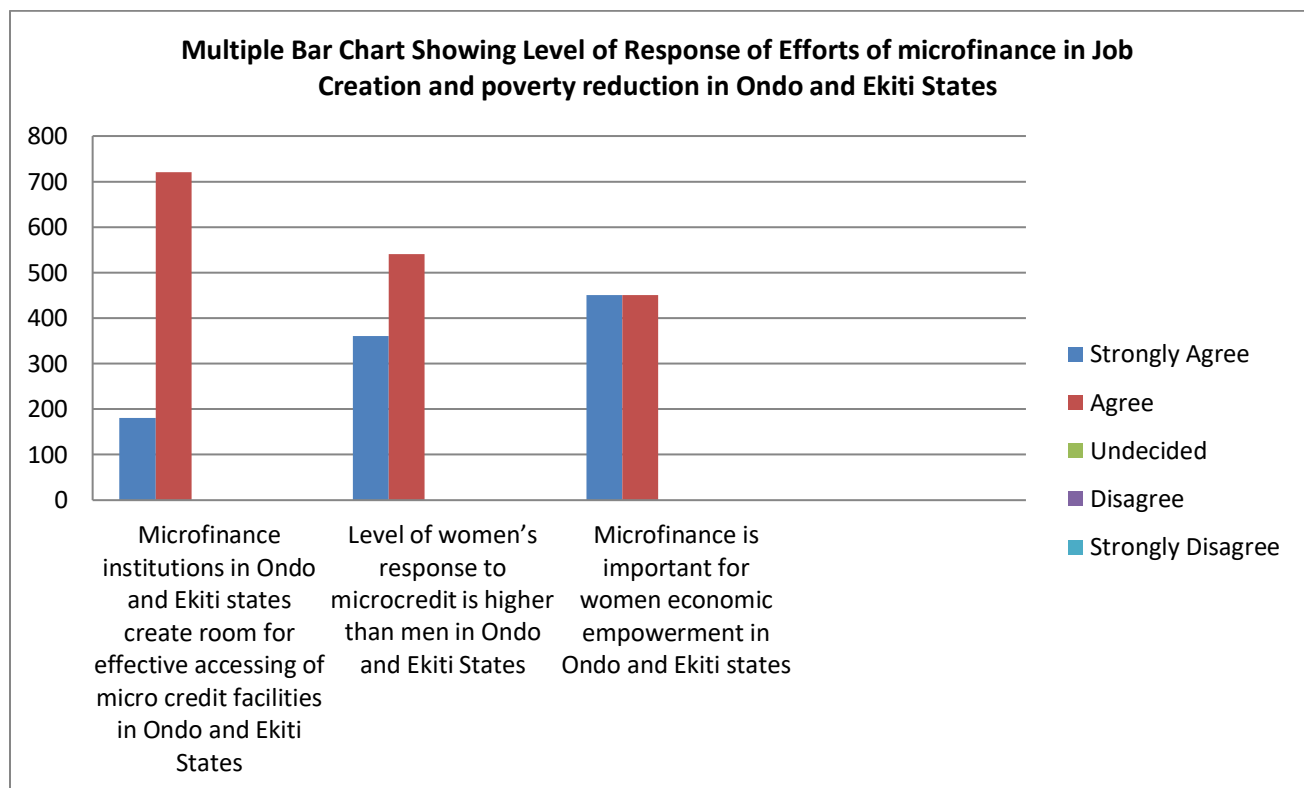


Table 5: STATISTICS

	Mean	median	Standard deviation	mode
Microfinance Institution Enhance women Empowerment	2.1	2.0	0.30017	1.0
Microfinance Institution Enhance the development of Small Scale Business	2.1	2.0	0.70039	3.0
Microfinance products and services assists women to rise above poverty	2.0	2.0	0.44746	3.0
Microfinance is a shylock Business and exploitation of customers mostly women in Ondo and Ekiti States	3.8	4.0	1.07763	4.0

Table 5: above represents the statistics result for the research question ‘Level of Response of Efforts of microfinance in Job Creation and poverty reduction in Ondo and Ekiti States’. As can be seen from the table, the value for the mean of Microfinance Institution Enhance women Empowerment is 2.1, that of Microfinance Institution Enhance the development of Small-Scale Business is 2.1, Microfinance products and services assists women to rise above poverty is 2.0, and that of Microfinance is a shylock business and exploitation of customers mostly women in Ondo and Ekiti States is 3.8. The results of the analysis shows that majority agree that Microfinance products and services assists women to rise above poverty than others.

Fig:4

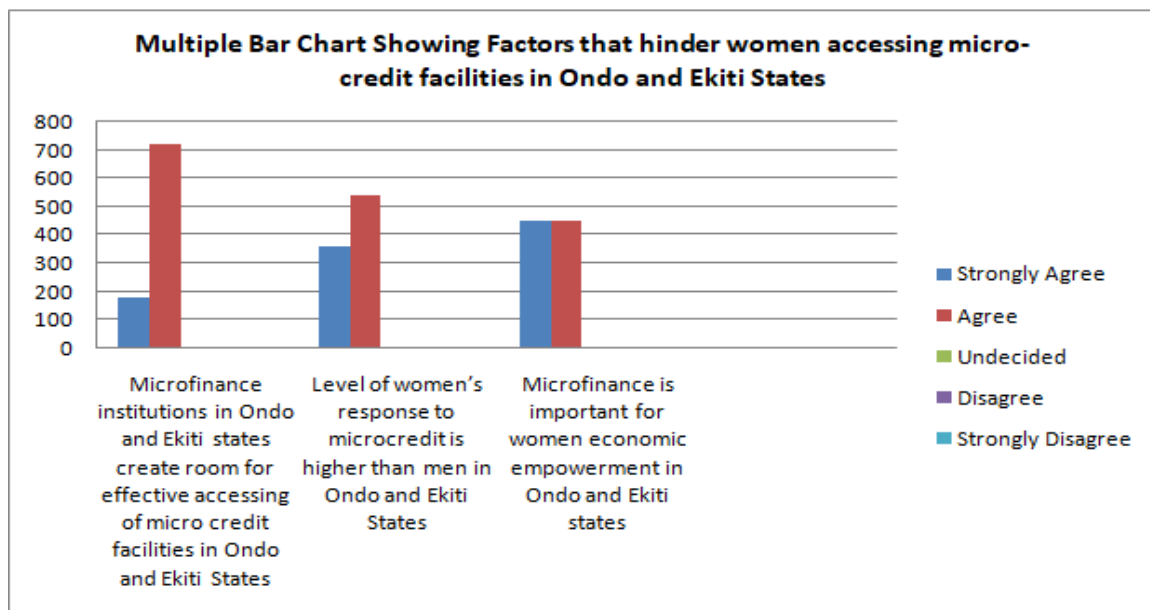


Table 6: STATISTICS

	Mean	median	Standard deviation	mode
Patriarchy is a factor that hinders women’s accessing micro-credit products and services	2.7	2.0	1.10061	2.0
Apathy towards accessing micro-credit facilities been provided by the microfinance Institutions	2.1	2.0	0.30017	2.0
Social-religious factors are barrier to women’s micro-credit facilities in Ondo and Ekiti States	2.0	2.0	0.89492	2.0
Low level of Education is a constraint at accessing micro-credit facilities by women	3.8	4.0	0.74875	4.0

Table :6 above represents the statistics result for the research question ‘Factors that hinder women accessing micro-credit facilities in Ondo and Ekiti States’. As can be seen from the table, the value for the mean of Patriarchy is a factor that hinders women’s accessing micro-credit products and services is 2.7, that of Apathy towards accessing micro-credit facilities been provided by the microfinance Institutions is 2.1, Social-religious factors are barrier to women’s micro-credit facilities in Ondo and Ekiti States is 2.0, and that of Low level of Education is a constraint at accessing micro-credit facilities by women is 3.8. The results of the analysis show majority agree that Social-religious factors is the major Factors that hinder women accessing micro-credit facilities in Ondo and Ekiti States.

Fig : 5

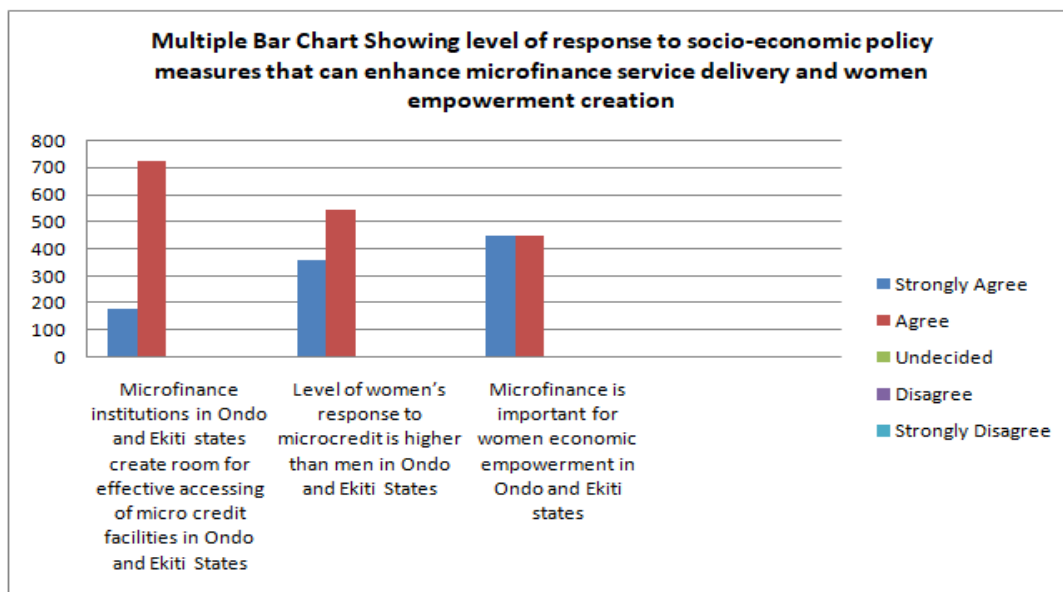


Table 7: STATISTICS

	Mean	median	Standard deviation	mode
Women-friendly micro-credits product and services	1.5	2.0	0.50028	1.0
Collateral for women to access micro-credit Loans should be community -oriented	3.9	2.0	0.30017	4.0
Women-based organizations should provide support for women towards enhancing financial inclusion of women	2.2	2.0	0.40022	2.0
Governments at States and Local Government Levels should provide economic capacity initiatives for women in rural areas as policy measures for women Empowerment	1.2	4.0	0.40022	1.0

Table 7 above represents the statistics result for the research question ‘level of response to socio-economic policy measures that can enhance microfinance service delivery and women empowerment creation’. As can be seen from the table, the value for the mean of Women-friendly micro-credits product and services is 1.5, that of Collateral for women to access micro-credit Loans should be community –oriented is 3.9, Women-based organizations should provide support for women towards enhancing financial inclusion of women is 2.2, and that of Governments at States and Local Government Levels should provide economic capacity initiatives for women in rural areas as policy measures for women Empowerment is 1.2. The results of the analysis shows that majority strongly agree that Governments at States and Local Government Levels should provide economic capacity initiatives for women in rural areas as policy measures for women Empowerment.

Discussion of Findings

The findings of the empirical analysis of the effects of microfinance on women empowerment in Ondo and Ekiti States: 2010-2020 based on the respondents indicate that majority in both states strongly agreed that microfinance is important for women economic empowerment in both states. Also, majority of the respondents concur that regular loan is the most microfinance products and services out of all the products and services of microfinance that impact more on women and it assists women to alleviate poverty more than others in Ekiti and Ondo States.

The findings revealed that the major barriers to women’s accessing micro-credit facilities in the two states indicated that socio-religious factor is the most potent factor that hinder women accessing micro-credit facilities in Ondo and Ekiti states. Also, the outcome of the analysis shows that majority of the respondents strongly agreed that government at states and local

government levels should provide economic capacity initiative for women in rural areas as policy measure for women empowerment in Ekiti and Ondo States,

Conclusion And Recommendations

Micro-credit institutions are vital means of facilitating micro-finances and constitute means of poverty reduction among the low-income earners, especially rural women, small scale business women and men. Also, it is an impacting factor at enhancing women empowerment in Ondo and Ekiti States. United Nations as cited by Mengstie had acknowledged the vital impactful roles of micro-credit institutions “microfinance institution service empowers women economically by providing self-employment opportunity, improving labour productivity and increasing wage rate. Mengstie (2022).

It is pertinent to note that microfinance as financial policy had been criticized on the basis of its shylock-nature and exploitation of the less-economic privilege women in the society. However, from the study indications have been shown that microfinance is relevant and offer services and products that cannot be easily offered by the conventional banking institutions. Also, microfinance enhances the empowerment of women in particularly, boost psychologically the self-esteem of women and may lead to more stability and poverty alleviation for women, families and society in general.

In the light of the earlier observations and findings of the effects of microfinance on women empowerment in Ondo and Ekiti States, the study recommends that, patriarchy and socio-religious factors that constitute barriers towards women accessing micro-credit facilities should be de-emphasize and efforts should made by all economic stakeholders to encourage women accessing micro-credit facilities. Also, micro-finance institutions should create more awareness and confidence-building measures in the minds of the general public about their products and services to enable women in particular and society in general to patronize optimally without fear of micro-finance products and services in both Ekiti and Ondo States.

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