

## Micro-Finance and Women Empowerment in Niger State, Nigeria

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**Abstract:** This study, empirically examines the role of micro-finance accessibility on women empowerment in Nigeria. A cross sectional dataset was obtained from 257 women and the study applied seemingly unrelated regression analysis on women empowerment. Finding from the study shows that amount of loan is positively associated to economic and household decision making while other factor such as age and family size significantly influence economic decision making of women. The study therefore recommends a sensitization programme to educate men on the importance or role of women in the household, especially in terms of income contribution.

**Key words:** Women, empowerment, microfinance, savings, decision, Malaysia

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### INTRODUCTION

The need for women participation in all sector of the economy are always the focal point of every country by closing the inequality gap between men and women. Several societies continue to experience gender imbalance in terms of workforce especially in developing countries, despite its abundant human and natural resources (Conteh and Ohemeng, 2009). Evidence shows that women are more vulnerable to shocks and poorer than men. Thus, empowering women in the modern time increases the size of the economy through participation in workforce and entrepreneurship development (Okoyeuzu *et al.*, 2012). Given the Nigeria's Gini Index, the level of income inequality in Nigeria rose from 42.9-48.8 in 2004 and 2010, respectively (Taylor *et al.*, 2014). Women in this case earn income independently through microcredit which makes them contribute financially with a greater power to their household. Women get exposure and confines to the outside community through microcredit (Graflund, 2013). Microcredit are characterised by small loan provision, payment flexibility and affordable interest rate which contributes significantly to poverty alleviation. Evidence by Agbaeze and Onwuka (2014) shows that 46% of women in the household are not under any form of microcredit, 24% used informal sources, 14% accessed microcredit from co-operative societies while 16% accessed microcredit from the formal microfinance banks.

This indicates that the need for microcredit to enhance women economic and household decisions has become paramount in many societies.

Despite the role of micro credit by microfinance banks, part of their aim is to provide savings avenue for women. The institution enables women with few assets to save, since weekly and group savings are not encouraging among themselves. Evidence of banking culture by women shows that 45% of women from South West don't have banking culture, 48% from South East while the northern region has the highest women with unbanked culture as 60 and 68% are from North East and West, respectively. The essence of unbanked culture is due to low interest rate for savers and high interest rate for any credit facilities (Uchendu, 1993). But when the issues of training are in-cooperated into their business, it will minimise the level of risk by assisting them in their daily business operation. Because inadequate training for women limits their ability to grow or launch any other business.

Study by Becchettia and Conzo (2013) investigated the significance of microfinance impact to life satisfaction; Buckley (1997) concentrated his studies on microenterprises in the informal sector in Kenya, Malawi and Ghana while Derera *et al.* (2014) emphasized on gender lending and marketing practices of women entrepreneurs in South Africa. However, several studies have discussed on microfinance and decision making of women ranging from business decision making, self-help

group, economic decision and household decision making but not empirically inclined Akpalu *et al.* (2012), Amudha and Banu (2009), Balasubramanian (2013). This study, empirically examines the impact of micro-finance factors on women empowerment in Niger State, Nigeria.

**Literature review:** In analysing the effect of microcredit to economic decision making, a lot of studies focus on qualitative and quantitative methods Awojobi (2014); emphasizes on the role of microfinance in empowering women in Pakistan they used qualitative approach and findings shows that microfinance banks brings about changes in women's lives through interest free loans. Shekilango (2012) explore the contribution of microcredit scheme to empowerment of women in Tanzania they found that regardless of the credit scheme, majority of rural women do have limited access to microcredit. Also, studies such as Awojobi (2014), concentrated on both qualitative and quantitative studies, Awojobi examine whether microfinance services increases women's control over savings and profits generated from their business, the study used Mann-Whitney u test on 405 women and the result indicates women control over savings and income generated from the business. Omunjalu and Fondo investigate the effect of microfinance in terms of microcredit, micro insurance and micro saving to the youth on poverty reduction in Kenya, the result shows that micro finance influenced the economic status of youth, although, lack of supervision leads to loan repayment default.

Some studies are purely quantitative, Alam *et al.* examine the role of microcredit in enhancing women empowerment in Bangladesh, result from their 80 observations and linear regression shows that microcredit and economic empowerment of women are positively related. On the other hand, Khan and Noreen investigate the determinants of women empowerment who engaged in micro-credit by exploring their socioeconomic status. The study used regression analysis and the result shows that females who have full control over their loans are more empowered than those who don't. Modi *et al.* (2014) analysed the impact of microfinance factors by empowering women in rural areas of India, findings indicate that socio-economic status upgradation has significant impact on rural women empowerment. Kumar *et al.* investigate the role of Grameen Bank (GB) in terms of outcome of micro-credit interventions and rural women's economic empowerment in Bangladesh, the result entails independency of women in decision making process after benefiting from micro credit.

In line with the microcredit policy of many banks, evidence by Udoka (2014) indicates that operation of savings account is mandatory and evidence of 10% must be presented for loan application. This made Gaiha and Nandhi (2007) to emphasize on whether microfinance accessibility has given women greater autonomy in household decisions, finding shows that savings has a significant effect on female autonomy. Equally study by Ekesionye and Okolo (2012) examine women empowerment and their participation in economic activities they found economic activities to be funded by women through personal savings. On training, Vaessen *et al.* investigate the effect of women microcredit and their control over household spending in developing countries; they found more intensive training and frequent meetings do create more additional effects on women's decision-making power. Similarly, Yogendrarajah (2012) found factors such as training to have impact on women empowerment. But, Okafor *et al.* (2011) examined the challenges associated with microfinance and women entrepreneurs in Nigeria their result shows that 2.9% of women does not require training for efficiency while 11.8% disagree with training for efficiency.

However, studies in Nigeria concentrated on microfinance banks and micro-credit. Abdulmumini (2012) emphasis on microfinance banks and rural entrepreneurial development in Nigeria, the finding reveals a significant relationship between loan facilities and microfinance bank accessibility which eventually leads to expansion of their businesses; although, the study is limited as it does not distinguish between male and female beneficiaries. Similar study was carried out by Abiola the study investigate whether access to credit has improved microenterprises through the intervention of microfinance institutions in Nigeria, the results indicate that involvement in MFBs eases the microenterprises financial constraints. But study by Ekpe *et al.* and Ekesionye and Okolo (2012) were gender specific. Ekpe *et al.* examines the relationship between micro-finance credit facilities and women entrepreneur's performance in Nigeria, they finding reveals that women don't usually have easy access to micro-credit for their entrepreneurial activity which leads to low business performance. Challenges and prospects of microfinance adoption were examined by Okafor *et al.* (2011) and the study found out that there was no significant relationship between financial needs of the respondents and micro-finance institutions. Equally, Ekesionye and Okolo (2012) examine the tools for self-reliance and development of women in Nigeria, low level of education and husband influence were found to be likely the major factors constraining women empowerment. Likewise, Udoka (2014) assess the

effect of micro-credit scheme on poverty alleviation in Nigeria, finding indicates no significant contribution of micro-credit scheme to poverty alleviation. Despite efforts by these scholars, the issue of women empowerment has still remained under explored in Nigeria.

**MATERIALS AND METHODS**

**Data:** The study used a cross-sectional dataset (the sample size used were based on Boyd obtained from a pilot survey from Bida Local Government Area of Niger State. The study used structural questionnaire and the sampling frame consists women borrowers from Edumana, Bejin-Doko and Chigbe Yaji Microfinance Bank and non-borrowers. The 131 women borrowers and 126 non-women borrowers making a total of 257 women were collected through availability sampling technique.

The women empowerment dimension in this study is measured by economic decision making, household decision making and freedom of movement as dependent variable; this includes expenditure power on income and other household utilities. To measure this variable respondent are required to answer 1 is for no ability, 2 for very low, 3 for low, 4 signifies Moderate and 5 stands for full. Independent variables consist of AGE (AGE) measured by years; Education (EDU) measured by qualification such that (primary = year 1-6), secondary level same as 0-level (secondary = years 7-14), post-secondary school (15+); family size is expressed in number of persons in the same household. Marital Status (MS) taking the value of one if married and zero otherwise; Monthly Income (MI) defined as the total monthly earnings of a respondent from their micro business during a month (expressed in naira, 1US\$ = 189 naira); area (AREA) taking the value of one if urban and zero otherwise; Involvement with MFB (IMFB) taking the value of one if a registered member and zero otherwise; loan size (CR) measured by the amount of loan taken (expressed in naira, IUS\$ = 189 naira) from micro-finance banks; Savings (SV) measured by the amount that the respondent is able to save monthly apart from the group compulsory savings; Training (TR) measured by the number of the trainings the respondents have received by the bank within a year and also with the contact the respondent have make with the agent. This study used seemingly unrelated regression analysis to estimate the impact of micro-finance on women empowerment as employed by Khan and Noreen. The model is specified as:

$$WE = \alpha_0 + \alpha_1 CR + \alpha_2 SV + \alpha_3 TR + \epsilon_1 \tag{1}$$

while the second model consist of other explanatory variables:

$$WE = \alpha_0 + \alpha_1 AGE + \alpha_2 EDU + \alpha_3 FSIZE + \alpha_4 MI + \alpha_5 MS + \alpha_6 AREA + \alpha_7 IMFI + \alpha_8 CR + \alpha_{10} SV + \alpha_{11} TR + \epsilon_1 \tag{2}$$

Where:

- WF = The mean score of women empowerment such as economic decision making, household decision making and freedom of movement
- AGE = The indicates age in years
- EDU = The year of schooling
- FSIZE = The family size in number
- MS = The represents marital status
- MI = The monthly income (in naira)
- AREA = The signifies rural and urban
- IMFB = The entails involvement with MFB
- CR = The lan size
- SV = The savings
- TR = The represents training and  $\epsilon$  is the error term

**RESULTS AND DISCUSSION**

The result in Table 1 examines the impact of micro-finance on women empowerment. The amount of credit taken by members who are customers of microfinance banks has positive relationship with economic decision making and statistically significant at 1%. This indicates that having access to bank loan increases woman ability towards economic decision by 50.23%. Also, the household decision making is positive and significant with amount of loan at 5% level, indicating an increase in loan increases woman decision by 21.43%. But amount of loan does not influence women freedom of movement. As the results indicate MFBs creates the opportunity for women to develop a greater voice in the home upon being recognized as earners of income and contributors to the household budget (Wrigley-Asante, 2011; Rai and Ravi, 2011). Although, the aim of microfinance banks is to give loan to poor women in order to up lift their standard of living and make them to have some economic freedom against the odds of their men. However, savings rate is positively associated with economic decision making and household decision making at 1 and 5%, respectively. This indicates that an increase in savings will increase economic and household decision making by 29.03 and 25.40%, respectively. On the other hand, savings is negative and significantly related to freedom of movement and significant at 1% level with a decrease of 23.64%. this means that the movement of women are restricted by their husbands especially in the African context. This study is contrary to the study by Kabeer. For training coefficient, it's only significant to household decision making at 5% level of significance such that it increase household decision making by

Table 1: Seemingly unrelated regression for women empowerment

Dependent variables						
Factors	EDM	p> Z	HDM	p> Z	FMW	p> Z
Credit	0.5023(0.0898)	0.000***	0.2143(0.1165)	0.066*	0.1187(0.0891)	0.183
Savings	0.2903(0.0876)	0.001***	0.2540(0.1135)	0.002***	-0.2364(0.0868)	0.006***
Training	0.0804(0.0879)	0.360	0.2474(0.1139)	0.030***	0.0301(0.0871)	0.730
R <sup>2</sup>	0.2856		0.1368		0.0316	
χ <sup>2</sup>	102.72	0.000***	40.73	0.000***	8.40	0.385**
BP	112.690	0.000***				
N	257					

p-values significant at \*10%, \*\* 5%, \*\*\*1%, EDM = Economic Decision Making empowerment of women; HDM = Household Decision Making empowerment of women; FM = Freedom of Movement of women

Table 2: Mean and predicted mean of dependent variable

Variables	Mean	Predicted mean
Edm	3.1118	3.1118
HDM	3.1479	3.1479
FMW	2.6428	2.6428

Table 3: Walt-test of the independent variable

Variables	Wald-test	p> Z
Credit	40.60	0.000***
Savings	17.36	0.006***
Training	5.28	0.153

p-values significant at \*10%, \*\* 5%, \*\*\*1%, EDM = Economic Decision Making empowerment of women; HDM= Household Decision Making empowerment of women; FM = Freedom of Movement of women

24.74%. Although, not significant to economic decision making and freedom of movement. This shows that when poor women access the microfinance services which provide them with start-up and working capital, training and savings, it is expected that women will engage themselves in income generating activities where they will experience increased in productivity which will lead to a positive outcome, Wrigley-Asante (2012). Table 1 shows the result of the impact of credit, savings and training on the three chosen empowerment dimensions of women.

The result in Table 2 shows the means and the predicted means of the dependent variables. Given the level of prediction of the variables, it shows that there is no different between the means of the actual variables and the predicted variables.

The result in Table 3 consist of the Wald test; the test is used in a sample estimation to test the value of the parameters. This entails the contribution parameters across the five models. Thus, the result indicates a joint contribution of the variables used in the five model as credit and savings are significant at 1%.

The result in Table 4 includes other explanatory variables and women empowerment dimensions; variables such as individual characteristics were estimated. A positive and statistical significant result was obtained

between women’s age, economic decision making and household decision making of women, this means an increase in woman age by one year will leads to increase in economic and household decision making by 1% and significate at 1%, this is because the majority of women falls within the active group and as their ages increases they tend to have more liberty towards economic decision in the house. This study is in line with the studies of Ahmad and Sultan, Rehman. For freedom of movement age is not significant, meaning that age of a woman does not influence her movement. Table 4 shows the control variable that affect women empowerment.

The coefficient for educational level were found not to be significant at any level indicating that their contribution towards economic, household decision making and freedom of movement is limited despite their level of education. Marital status is negatively related to economic decision making and freedom of movement though significant at 1% (FM) but positively related to household decision making.

The household monthly income has negative relationship with economic and household decision making, indicating an increase in a woman income decrease her economic and household decision power, this is due to the zeal of many men to have full control of their women. Despite the fact that MFBs can empower women in socio-economic status and thereby reduce women’s vulnerability to men’s violence, microfinance services sometimes provoke violence in the home when ‘empowered’ women challenge gender norms (Schuler *et al.*, 1998; Wrigley-Asante, 2012). Although, family size has positive and significant relationship with economic and household decision making of women at 1%, suggesting that an increase in a family member enable a woman to have small economic freedom since the man cannot fully carter for the children needs. While for freedom of movement it is negatively related and

Table 4: Seemingly unrelated regression on other explanatory variables of empowerment

Variables	EDM	p> Z	HDM	p> Z	FMW	p> Z
Age	0.0139(0.0038)	0.000***	0.0138(0.0047)	0.004***	-0.0007(0.0031)	0.814
Education	0.1046(0.0861)	0.224	0.1855(0.1066)	0.082*	0.0553(0.0687)	0.421
Marital status	-0.0278(0.0911)	0.777	0.0805(0.1219)	0.509	-0.4748(0.0786)	0.000***
Monthly income	-0.1251(0.0858)	0.170	-0.0711(0.1128)	0.528	0.0483(0.0786)	0.507
Family size	0.0301(0.0076)	0.000***	0.0211(0.0094)	0.025**	-0.0367(0.0060)	0.000***
Micro finance member	0.2521(0.0875)	0.004***	0.2269(0.1084)	0.036	0.0682(0.0699)	0.329
Area	0.1089(0.0758)	0.151	0.1196(0.0938)	0.203	0.1919(0.0605)	0.002***
R <sup>2</sup>	0.2435		0.1334		0.3098	
χ <sup>2</sup>	69.7700	0.000***	39.55	0.000***	114.9000	0.000***
BP	113.803	0.000***				
N	257.000					

p-values significant at \*10%, \*\* 5%, \*\*\*1%, EDM = Economic Decision Making empowerment of women; HDM = Household Decision Making empowerment of women; FM= Freedom of Movement of women

significant at 1% level, indicating that an increase in family size will decrease her movement because of the family that she has to take care of.

On the other hand, being a member has influence on economic and household decision making as the coefficient is significant at 1%. Though, area is positively associated with economic and household decision-making, suggesting that the areas a woman lives in does not have influence on a woman’s economic and household decision making. In the case of freedom of movement of women, area is positive and significant at 1% level. As those women from rural areas do have little liberty when it comes to market days which enable them to buy petty items for their children.

**CONCLUSION**

In examining micro-finance and women empowerment, this study therefore concludes that amount of loan taken is significant and influence women economic and household decision making due to the level of confidence since the woman can spend and decide on family health care. Also rate of voluntary savings by women is significant for the three models because the woman could spend and decide on food to be cooked each day. Most of the women are found in not engaging in any other visitation due to their tight schedule to meet up with their weekly stipulated savings. Training is significantly related to household decision making since the women could decide on homestead agriculture. Also variables such as age, family size and being a member of micro-finance bank indicates a positive relationship with women empowerment, whereas monthly income earned by women is negatively associated with it.

**RECOMMENDATIONS**

The study however, recommends a sensitization programme to educate men on the importance or role of women in the household, especially in terms of income

contribution. The use of legislation should be the top most agenda of government in solving gender discrimination problem so as to allow women have economic freedom. Also, the public complain commission should be given more strength by dealinsg with gender inequality issues.

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