EFFECT OF MICRO CREDIT FINANCE ON WOMEN EMPOWERMENT IN CROSS RIVER STATE

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ABSTRACT

Micro credit finance is a source of financial services provided by micro finance institutions (MFIs), for entrepreneurs and small businesses.The Nigerian financial system has been characterized by systematic crises arising from inadequate capital base and poor governance, this has some side effect on poor people who are effectively being denied access to credit.The specific objective was to examine the effect of micro credit finance on women empowerment in Cross River State. Survey design was employed in the study and data were primarily sourced using questionnaire instrument. The population used for the study was two hundred and fifty (250) married women in Cross River State.One hundred and fifty-four(154) married women were randomly selected for the study using Taro Yamane formula. Ordinary least square of simple regression was employed to analyze the effect of independent variables on dependent variable. Based on the results of the analysis, it was revealed that micro credit finance had a positive significanteffect on women empowerment in Cross River State. The study recommended that effective policiesshould be adopted to engender micro finance. Adopting this approach is one of the most important steps in making micro finance gender sensitive. Also, managerial skills enhancement should be broadened to include knowledge and skills competencies for gender analysis in policy.

Keywords: Micro credit finance, women empowerment, Accounting perspective, development strategy, microfinance

INTRODUCTION

Microfinance, as a term, has gained worldwide recognition since the 1990s and has been proven to have positive impact on development in developing countries. Thus, microfinance is the provision of financial services to low-income poor and very poor self-employed people in order to empower low-income population by providing them with access to credit and other financial services(Mayoux,2012).

Microfinance credit is a source of financial services provided by micro finance institutions (MFIs), for entrepreneurs and small businesses, lacking access to banking and credit related services. Micro-credit is the provision of cash and loans in smaller amounts to SMEs, in order to promote and improve their business operations(Schuler &Hashemi, 2014).

It is a component of Microfinance in that it involves providing credit to the active poor. Microfinance credit plays a pivotal role in economic growth in the sense that Micro Finance Institutions provide a means for people and businesses to obtain credit and manage available assets on a continuous basis(Fernando,2016).The study took a policy and methodical orientation and posed a central question in "what way and to what extent do micro credit financial services facilitate the empowerment of married women in Calabar, Cross River State.

Micro credit provides a means for women clients to create for themselves, acceptable social spaces within their hegemonic gender relations(Sankaran,2015). Such a contention also stems from the emerging questions on the usual optimism with which development and/or micro credit finance interventions are evaluated by certain beneficiaries as mere recipients of interventions. Furthermore, they also partake in the transformation of interventions into an acceptable and meaningful life in line with their aspirations(Mboto, Akeh, Lawal,Bekom. &Nkamare, 2022).

However, to unravel the facilitators' effect, the study starts with the general gender and development debate. Evidence to adduce the prolonged gender inequalities are provided within a Nigerian context using the hailed economic growth, political democratization and the financial sector reforms. This is done to show that the involvement of women in development simply entrenches development discourses with women taken on as active agents for meeting development efficiency goal(Mboto, Akeh,Nkamare& John, 2022). Thus, the empowerment debate is presented as an alternative project of ensuring gender equality beyond mere integration but by transforming the structural factors that perpetuate gender inequalities(Sanyang& Huang,2018).

Statement of The Problem

Micro credit finance is an indispensable catalyst in financing the development of banks in Nigeria, and the essence of these banks was to provide banking services in all ramifications at microfinance level to the inhabitant of communities. The concept of community banking was replaced with microfinance institutions, credit helps in producing, distribution, selling, consumption and expansion, credit could mean a collapse due to over-buying, over expanding or expansion or over-selling(Mboto, Edom, Okoi, Akeh, 2022)

Economic indicators have shown that about 75 percent of the population of Nigeria lives in rural area and most of them have been denied access to banking facilities. The significance of this lack of access to banking facilities is better appreciated when one realizes that the bank of the rural population is engaged in agricultural and other basic small scale enterprises over the years. Successive

governments in Nigeria have made several attempts to address the issue of access to finance by poorer Nigerians for micro and small scale economic activities. The Nigerian financial system has been characterized by systematic crises arising from inadequate capital base and poor governance, this has some side effect on poor people who are effectively being denied access to credit.

Objective of the study

1. To examine the effect of microcredit finance on women empowerment in Cross River State.

Research Question

The research question is drawn from the objective of the study;

1. To what extent does microcredit finance affect women empowerment in Cross River State?

Research hypothesis

The formulated hypothesis is formulated in null form

$Ho_{1:}$ There is no significant effect of microcredit finance on women empowerment in Cross River State.

LITERATURE REVIEW

Micro Credit Finance: A Development Strategy for Women

From the 1990s, microfinance came to be seen as a window of hope by development agencies who largely trail economic development (Chavan& Ramakumar,2012). Such zeal originated from idea that micro –finance can provide for 'killing two birds with one stone'.

It facilitates poverty reduction through improved quality of life on one hand, and one-woman empowerment on the other hand. This means that through micro-finance, women can be engaged in the market both for market efficiency gains and for their gains in challenging hegemonic gender relations(Mayoux,2018). To this, the donor community, national governments, and other grass root-based development agencies took micro-finance high on their agenda.

Empowerment in Development Practice

Poverty reduction appears in a post-structural perspective as an imperialist narrative, universalizing, and politically sinister, (because it justifies) hegemonic development interventions (Jackson, 2016). In the foregoing argument, the researchers presented the aim for the emergence of empowerment in development discourse. Attention was paid to empowerment as a developmental goal and its means.

However, given that empowerment was fixated within an already accepted development practice, it became accepted for political correctness. It also subsequently gains a language command within the basis of their empowerment capacity (Suhler&Hashemi, 2014; Chen, 2017;Mayoux, 2012 and Lashley,2013).Empowerment is concerned with the following:

(a) Gaining voice, having mobility and establishing appearance (Johnson, 2012).

(b) people, especially poor are enabled to take more control over their lives and secure a better livelihood with ownership and control of productive assets as a key element (Chambers, 2013)

(C) Taking control over their lives, setting their own agendas, gaining skills, building self-confidence, solving problems and developing self-reliance.

(d) A process by which people become conscious of their own situation and organize collectively to gain greater access to public services or to the benefits of economic growth (Hoque& Hohara,2019)

(e) The process of challenging existing power relations, and of gaining greater control over the sources of power.What can be seen

from these examples is that empowerment remains a loaded term that means different things to different people(Olujide,2018).

(f) Is both individual and collective change processes that involve the self, person- to person(s), person- to-institution(s), institution(s)-to-institution(s)

(g) Is a charge that is gradual involving the redistribution of power-base (resources, roles and status not by robbing the excesses or dividends of others, but by ensuring no social category exploits the other to its advantage(World Bank,2018).

Theoretical literature

Historical legacies theory of gender equality.

This theory was propounded by Krasner (1984). He stresses that human development perspective and the classical modernization perspective offer theories to explain why modern societies are more conductive to gains in gender equality. The developmental trends of social modernization may face legacies on institutional organization that affect societal lives. This theory suggests that for gender equality to attain societal gains, historical legacies of culture and institutional dependency is capable of affecting the improvement and modernization of women.

Empirical evidences

Oke, Adeyemo and Agbonlahor(2017)investigated on empirical analysis of microcredit repayment in Southwestern Nigeria**.**The study provides empirical analysis of microcredit repayment in Southwestern Nigeria.Multi-stage stratified random sampling procedure was used to collect data from 200 members ofmicro finance institutions (MFIs) in the study area. Linear multiple regression was used to determinethe variables that affected microcredit repayment. The mean weekly contribution of the members of microfinance nongovernmental organizations (NGOs) in groups was 772.62 and the mean borrowingwasx 23, 55.25 per annum. On the average, they pay 90 percent of their microcredit as at when due. The F-values indicated that the microcredit repayment model had good fit (p = 0.01) with an adjustedR2 of o.36. The variables that significantly influence repayment: income, distance between dwelling place and bank, amount of business investment, socio-cultural expenses, amount of loan borrowed, access to business information, penalty for lateness to group meetings, membership of cooperative society, number of days between loan application and disbursement and poverty indicator were analyzed. Poverty was found to hamper repayment. Nevertheless, the study supports findings that members of microfinance groups are creditworthy. The study recommended that belonging to microfinance institutions will improve the status of members.

Fasoranti(2010)examined The influence of micro-credit on poverty alleviation among rural dwellers: A case study of Akoko North West Local Government Area of Ondo State. The study among other things examined thesocio-economic characteristics of respondents, activities of the Ondo State micro credit agency(OSMA) and the influence of micro credit on some selected macroeconomic variables of respondents.Data were sourced with the aid of well-structured questionnaires from 120 respondents randomlyselected. The data collected were analyzed majorly with the aid of descriptivestatistics. Findings show that the incidence of poverty was high among the economically active agebracket as the mean age was 33 years. Result also showed that all respondents acquired formaleducation as 60% had above primary school education. Also, 39.2% of total respondents had no specific occupation before the inception of the scheme. Moreover, the scheme had positive influence on respondents' major macroeconomic variables namely income, savings, consumption expenditures and asset acquisition. Among

other things, the level of poverty was high as reflected in the type of residence, cooking materials, health institutions attended by respondents and educational institutions attended by their children. Generally, 20.8, 30.9, 47.5 and 0.8% rated the programme good, poor, fair and excellent respectively. The study recommends a greater coverage of the state by the scheme. Recipients should also be encouraged to reinvest their profits in other productive economic activities.

Talia and Aziz (2011) conducted a study onmicrocredit, microenterprises and social welfare of the rural poor in North-Eastern Trinidad: An evaluation of "Hope". The study examined the relationship between microcredit, microenterprises, and the social welfare of the rural poor in North-Eastern Trinidad. guided by the main propositions of social capital theory, the researchers held 45 semi-structured interviews with active participants/clients within a case study research design. The data showed that access to microcredit through helping others prosper economically (Hope) positively affected their microenterprises and social welfare, though marginally. Findings also revealed that fragmented social relations within the network, conflict, distrust, and the loose structure of the program limited the impact of their access to microcredit on social welfare as well as the financial potential of the lending organization.

RESEARCH METHODOLOGY

The research study adopted survey method of design because study method was purely non-experimental in the sense that the subjects were used as sample size to control experimental group and other things. The study was carried out in Cross River State. Cross River State was created in 1976 during State creation exercise by the then General Murtala Mohammed
regime from South Eastern State. Cross River State tagged “the people’s paradise is situated in Niger Delta region of Nigeria’’.

The population of the study is two hundred and fifty(250). But for the purpose of this study, Taro Yamane was used to draw a sample size of one hundred and fifty-four(154).Data were generated from primary sources using questionnaire instrument. Data were presented using table and simple regression analysis to measure the degree of relationship between the variables of this study. The model specification used for the study is a simple linear regression model. The model is mathematically stated as thus:

$Y = f(x)$

$WE = f(MCF)$

$WE = b_0 + b_1MCF + u$

$Y = b_0 + b_1x_1 + u$

WE = Women empowerment

MCF = Micro Credit Finance

u = Stochastic error term

b_0 = Regression constant

b_1 = Unknown coefficient to be estimated

$b_i > 0$

Dependent variable is WE(y)

Independent variable is MCF (x)

The a priori expectations of the coefficients are stated below: b1> 0. This means that increase in the value of micro credit finance(MCF) is expected to significantly and positively improve Women empowerment.

RESULTS AND FINDINGS

Test of hypothesis

Hypothesis one

H_O: Micro credit financedoes not have significant effect on women empowerment

Independent variable: Micro credit finance

Dependent variable: Women empowerment
Test statistic: Least square regression statistic

Data on Table 1 were used to test hypothesis one. The analysis shows coefficient of determination (R-squared) of 0.929, which implies that 92.9 percent of the response variation in the dependent variable (Women empowerment) was explained or caused by the explanatory variable (Micro credit finance); while 8 percent was unexplained. Thus, remaining 8 percent unexplained response could be caused by other factors or variables outside the model. Also, the value of R-squared was high enough to indicate a good relationship between the dependent and independent variable.

The Durbin Watson value was 0.197 which implies that the test fell within the range of autocorrelation 2.879 in conclusive region of D.W partition curve. In testing for statistical significance of the model, the F-statistic was adopted at 5 percent significant level. The computed value of the f-statistic was 4578.83 far greater than the tabulated value of f-statistic of 3.84 at $df_1 = 1$ and $df_2 = 153$. Also, as confirmation, the calculated t-statistics of 67.667 was greater than the critical value of 1.64. It was concluded found that microcredit financehas a positive significant effect on women empowerment

TABLE 1

Least square regression result of micro credit finance and women empowerment

Dependent variable – Women empowerment

Variable	B	Standard error	B	T	Sig
Constant	.420	.050		8.440	.009
MCF	.893	.013	.964	67.667	.000

R	R^2	Adj. R^2	Std. error	DW	Cal.F*	Cri. F*	df_1	df_2	Sig.
.964	.929	.912	.323	.197	4578.83	3.84	1	153	P<0,05

Source: SPSS output.

CONCLUSION/RECOMMENDATIONS

The study portrays the effect of micro credit on women empowerment in Cross River State. The study revealed that micro credit finance has a positive significant effect on women empowerment. Microfinance is the provision of financial services to low-income poor and very poor self-employed people in order to empower low-income population by providing them with access to credit and other financial services. It is a source of financial services provided by micro finance institutions (MFIs), for entrepreneurs and small businesses.

Micro credit plays a pivotal role in economic growth in the sense that Micro Finance Institutions provide a means for people and businesses to obtain credit and manage available assets on a continuous basis. Micro credit provides a means for women clients to create for themselves, acceptable social spaces within their hegemonic gender relations.

Micro finance credit is an indispensable catalyst in financing the development of banks in Nigeria, and the essence of these banks was to provide banking services in all ramifications at microfinance level to the inhabitant of communities.Sequel to the findings of the study, the following recommendations were made:

1. Effective policies should be adopted to engender micro finance. Adopting this approach is perhaps one of the most important steps in making micro finance gender sensitive.
2. Managerial skills enhancement should be broadened to include knowledge and skills competencies for gender analysis in policy.

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