# EFFECT OF MICROFINANCE SERVICES ON WOMEN ECONOMIC EMPOWERMENT IN JOS SOUTH LOCAL GOVERNMENT

**BY**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES, AHMADU BELLO UNIVERSITY, ZARIA IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.Sc) DEGREE IN RURAL FINANCE AND ENTREPRENEURSHIP.**

**INTERNATIONAL CENTRE OF EXCELLENCE FOR RURAL FINANCE AND ENTREPRENEURSHIP (ICERFE), DEPARTMENT OF BUSINESS MANAGEMENT, AHMADU BELLO UNIVERSITY BUSINESS SCHOOL ZARIA.**

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## DECLARATION

I declare that this dissertation entitled EFFECT OF MICROFINANCE SERVICES ON WOMEN ECONOMIC EMPOWERMENT has been carried out by me in International Centre of Excellence for Rural Finance and Entrepreneurship (ICERFE), Department of Business Management, Ahmadu Bello University Zaria. The information derived from the literature has been fully acknowledged in the text and list of references provided. No part of this dissertation was previously presented for another degree or diploma in this or any other institution.

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## CERTIFICATION

This dissertation entitled EFFECT OF MICROFINANCE SERVICES ON WOMEN ECONOMIC EMPOWERMENT IN JOS SOUTH LOCAL GOVERNMENT by JUDITH DORKAT GOGWE meet the requirement of the regulations governing the award of the Degree of Master of Science (M.Sc) in Rural Finance and Entrepreneurship Degree of Ahmadu Bello University Zaria and is approved for its' contribution to knowledge and literacy presentation.

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# DEDICATION

This dissertation is dedicated to God Almighty the Holy Trinity (God the Father, God the Son and God the Holy Spirit).

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## ABSTRACT

Women are believed to be economically active yet, they comprise of the majority of the world's poor. Women have not only been disadvantaged in access to material resources like credit, property and money, but they have also been excluded from social resources like education and knowledge concerning some businesses. This study examined the effect of microfinance services (microcredit, micro-savings, financial training and advisory services) on women economic empowerment. The study used a cross sectional survey research method. Population of the study was made up of 12,175 women registered with the microfinance banks in Jos South local government. Data was obtained through questionnaire. Systematic random sampling technique was employed to select the respondents from each microfinance bank. A total of 429 women customers of microfinance banks in Jos South Local Government participated in the research. Descriptive statistics and Partial Least Square PLS-SEM were used to analyze the data. The study revealed that microcredit, micro-savings and financial literacy training had positive effect on women economic empowerment (in terms of increase income, financial savings and confidence, contribution to assets and household economic decision making). While advisory services had a negative effect on women economic empowerment due to the fact that most microfinance banks are not in a good position to offer this services. The study recommended that Microfinance Banks should improve more on their services and alert their customers on these services so as to enlighten lives economically.

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# CHAPTER ONE
# INTRODUCTION

## 1.1 Background of the Study

Women empowerment is one of the important issues that are at the forefront of development agenda in most of the developing countries. According to Akingunola, Adekunle, Adegbesan and Aninkan, (2013), over 500 million of the world's population live under poor conditions but they are economically active. Somavia, (2007), opined that seventy percent of the world's poor are women, yet traditionally women have been disadvantaged inaccess to credit and other financial services. Deposit money banks often focus on men and formal businesses who they believe are creditworthy neglecting women who make up a large and growing segment of the informal economybecause of high cost of credit granting (Akingunola, et al. 2013).Nabayinda (2014) opined that women have not only been disadvantaged in access to material resources like credit, property and money, but they have also been excluded from social resources like education and knowledge concerning some businesses.

Vakil and Mohammad (2014), acknowledged that generally, women economic empowerment in the context of knowledge societies is seen as building the ability and skills of women to gain insight of actions and issues in the external environment which influence them, and to build their capacity to get involved and voice their concerns in these external processes, to make informed decisions. Also, it implies building up capacities of women to overcome social and institutional barriers and strengthening their participation in the economic and political processes for an overall improvement in the quality of their lives.Globally, women are more vulnerable and affected by poverty than their male counterparts (World Bank, 2000; United Nations Development Programme UNDP, 2011; Wanninayake, 2016). Females encounter many dimensions of poverty because of gender inequalities in the distribution of income, access to

credit facilities, control over properties or earned income, religious beliefs and cultural norms (Mahmood, Hussain&Matlay, 2014). These factors are more prevalent in developing economies and to a lesser extent in developed economies (Nisser&Ayedh, 2017).

International organizations like United states agency for international development (USAID**),**Department for international developmentDFID (2010), international monetary fund(IMF**)**, World Bank, government and other spirited individuals and private organizations have made concerted efforts in helping women economically, but yet level of poverty has persisted (World Bank, 2000). Women potential labour force is still very high in Nigeria and most of the poor are women. Women consist more than 60% of the Africanpopulation which has given concern to the economy of the world (Okechukwu, Nebo & Jude, 2016).Women entrepreneurs, especially in developing countries, do not have easy access to microfinance factors for their entrepreneurial activity and as such have low business performance than their men counterparts, whereas the rate of their participation in the informal sector of the economy is higher than males (Ramajeyam, Sooriyakumaran, &Vannarajah, 2016).Microfinance evolved as a key instrument to afford financial and non-financial facilities for self empowermentto the poor people especially women in the rural areas and urban low income earners.

Furthermore, it has been and increasingly becoming a popular intervention against economic empowerment in developing countries (Adeyemi, 2008). It has been considered as an effective vehicle for women empowerment (Leach &Sitaram, 2002).The argument behind Microfinance Institutions (MFIs) targeting women is that, women are good credit risk, are less likely to misuse the loan, and are more likely to share the benefits with others in their householdespecially their children (Garikipati, 2008; Swain &Wallentin, 2009). It is argued that women increasing role in the household economy leads to their empowerment (Hunt &Kasynathan, 2002). Many poverty

reduction programs specifically those targeting women have a credit component, which has been extensively promoted as a way of alleviating poverty and empowering women (Wrigley-Asante, 2011). There are different providers of microfinance services which include; non-governmental organizations (NGOs), savings and loans cooperatives, credit unions, government banks or non-bank financial institutions. The poor are not just deprived of basic resources, they lack acces to information that is vital to their lives and livelihoods. They lack access to knowledge, education and skill development that could improve their livelihoods (Mutua, 2016). According to Onugu (2005) factors such as poor management, low entrepreneurial skill, unavailability of skilled manpower, poor record keeping,economic conditions in the country,government policiescan stall any micro enterprise from generating revenue expected and may even drive the borrower into debt and further poverty where the business fails.

Access to finance has several potential benefits such as long lasting increase in income through higher investments in income generating activities; asset accumulation and consumption smoothing; empowerment of women through expansion of economic opportunities and enhancement of social status that reduce poverty (Wanjira, 2014). Providing credit to women has been accepted as a means of economic development (Ackerly, 1995) and an effective means for empowering women (Bartlett, 2004; Kay, 2002). Poor people who comprise of women, have insufficient income, lack access to basic services, have limited access to credit, they survive on menial jobs and can barely afford to send their children to schools (Idowu&Oyeleye, 2012). Micro savings as a financial service plays a vital role in building confidence of the rural people which includes the women. It can be used as the substitute of insurance where social safety nets are hardly ever existent for the poor of the developing countries (Hossian, 2012). These savings

can be used in terms of emergency which can help in the betterment of the lives and conditions of the poor.

Financial Training is the process of acquiring job related knowledge, skills and attitude in order to perform with effectiveness and efficiency specific tasks in an organization. It plays a key role in educating women on information that is vital to the growth of their businesses which could improve their livelihoods thereby making them empowered. Providing training to women will assist and contribute to the soundness of their businesses and sustainability (Porter &Nagarajan, 2005).Advisory services include enterprise development service that provides knowledge and information services with focus on potential entrepreneurs to assist them raise human capacity and organization capabilities (Awuah&Addaney, 2016). Advisory service address constraints to business creation and growth which can increase women power over economic decisions that can influence their lives and priorities in the society.

Jos South Local Government Area is known for its large land mass and rich natural resources. It is one of the LGAs in Jos identified with an increasing number of poverty which is common among its women. These women could be employed for development by facilitating them to become entrepreneurs, as entrepreneurship is essential for proper use of renewable and nonrenewable resources, which provides employment to the unemployed. The introduction of MFIs is seen as one of the best alternative source of financial services for low income earners as a means of raising their income level hence reducing their poverty rate. Economic empowerment of women is seen as a prerequisite for sustainable development, pro-poor growth and the achievement of the Sustainable Development Goals (Organization for Economic Co-operation and Development; Development Assistance Committee: OECD DAC Network, 2011). Hence,

evaluating the impact of microfinance services in achieving economic empowerment of women is vital especially in this context.

### 1.2 Statement of the Problem

Access on income generating activities makes women independent, raise their strategic awareness, transfer power relations throughout the society, increase overall wellbeing, and community developmentMayoux (2001).Microfinance has ability to empower women, it is evident that process of empowerment through microfinance is not straightforward or easy to make (Kulkarni, 2011).Studies such as: Danjuma, Muhammad and Alkali, 2013; Shanthi and Ganapathi, (2012) showed that women are affected by poverty, susceptible to diseases, prone to discrimination, marginalization and environmental degradation which are all detrimental to women economic empowerment and poverty reduction. But when they are empowered these will basically be reduced or completely eliminated.Vandana and Robert (2014) reported that as a result of women wide ranging responsibilities; productive, domestic and community duties, they are generally involved in a broader range of tasks than men and therefore require a wider range of technical knowhow on which to draw for their livelihood pursuits.

Women entrepreneurs play a very crucial role in the economicdevelopment of their families and their countries at large. Despite this, women have low business performance compared to their male counterparts yet the rate of women participation in the informal sector of the economy is higher than males (Akanji, 2006). This situation can be attributed to factors that normally affect entrepreneurial performance. These factors include lack of credit, saving, education or training, and social capital (Ramajeyam, Sooriyakumaran, &Vannarajah, 2016).All over the developing

countries of the world, the larger percentage of population are poor who comprise of women and live in the rural area. They engage in agricultural and microenterprises and constitute the informal sector/ small and medium scale enterprises, Nigeria is no exception. In Nigeria, poverty is pervasive with frightening depth and breadth. The poor in Nigeria are voiceless, they lack basic of life and are generally deprived (Akosile&Ajayi, 2014).

Tiwari (2007) opined that in order for third world countries to make progress towards eradicating poverty, they must pursue strategies whose focus is on promoting women entrepreneurship. Hence making credit, savings, financial training and advisory services accessible to women and expand its reach where it already exists becomes a concern. Some studies on the relationship between womeneconomic empowerment to microfinance saw credit delivery as one major source for empowering women(Ibru, 2009 &Kuzilwa, 2005). Studies has shown that non-financial services of Microfinance banks (MFBs) like advisory services and per-loan training also contribute their own quota to the development of micro enterprises (Akpan&Nneji, 2015).

Different studies have looked at economic empowerment in different ways but few studieshas considered the view of Malhotra and Schuler, (2005) in measuring economic empowerment. Otherstudies have looked at the relationship between one or either a combination of credit, savings, financial training or advisory services in relation to economic empowerment (Isidore, Razak& Mat 2012; Akingunola, et al. 2013;Ifeakor, Anekwe&Nwanekezi, 2013; Akosile&Ajayi, 2014; Dikki, Muhammad, Dogarawa&Chechet 2014;Omunjalu&Fondo, 2014; Rashid, John, Consolatta& Stephen, 2015;Vishal, 2015; Okechukwu, Nebo, & Jude, 2016;Ramajeyam, Sooriyakumaran, &Vannarajah, 2016; Sibghatullah&Saleem, 2016; Wanjiku&Njiru, 2016;

Bernard, Kevin &Khin, 2017; Rathiranee, 2017). Different studies have looked at economic empowerment in different ways (Vishal, 2015; Awojobi, 2014; Brody, De Hoop, Vojtkova, Warnock, Dunbar, Murthy&Dworkin, 2016; Wanjiku&Njiru, 2016).

Jos South is one of the LGAsin Plateau state with an increasing level of poverty which is common among the people especially its women who are largely supported by their husbands, partners and relatives to start or grow their businesses (Hamza, 2010). Despite the fact that this LGA is said to be the industrial center of Plateau State due to the presence of many manufacturing companies, it is also endowed with rich natural resources that needs proper utilization (Chingle, Banwat, Lar&Zoakah, 2013). This has made the area suitable for micro businesses to thrive. Women in this LGA try to earn a living through hard work by engaging in manual labour work such as carrying mixture of cement and sand in construction site as well as engaging in agricultureor farming in orderto cater for their family needs. The level of poverty is widespread and remains a critical development challenge for the LGA and the state in general which is the reason why empowerment of women and youth is seen as an effort for tackling poverty under the present Governor Simon Lalong administration. However, this study combined all the microfinance services that are available at the three microfinance banks in Jos south LGA. The study therefore examined the services rendered by these microfinance banks which are microcredit, micro-saving, financial training and advisory services on how they economically empower women in Jos south LGA.

## 1.3 Research Questions

In line with the research problem of the study, the following research questions were answered:

i. Does microcredit have an effect on women economic empowerment in Jos South LGA?

ii. Does micro-savings have effect on women economic empowerment in Jos South LGA?

iii. Does financial training have effect on women economic empowerment in Jos South LGA?

iv. Does advisory services have effect on women economic empowerment in Jos South LGA?

## 1.4 Research Objectives

The main objective of the study is to examine the effect of micro finance services on women economic empowerment. Specific objectives include to:

i. Examine the effect of microcredit on women economic empowerment in Jos South LGA.

ii. Determine the effect of micro-savings on women economic empowerment in Jos South LGA.

iii. Evaluate the effect of financial training on women economic empowerment in Jos South LGA.

iv. Examine the effect of advisory service on women economic empowerment in Jos South LGA.

## 1.5 Hypotheses of the Study

The following hypotheses were formulated:

**$H_{o1}$:** Microcredit does not significantly have an effect on women economic empowerment.

**$H_{o2}$:** Micro-savings does not significantly have an effect on women economic empowerment.

**$H_{o3}$:** Financial training does not significantly have an effect on women economic empowerment.

**$H_{o4}$:**Advisory services do not significantly have an effect on women economic empowerment.

## 1.6 Significance of the Studyp

The result of this study will be of great importance to upcoming and other women entrepreneurs since it will be helpful to policy decision makers in developing a microfinance sector and microfinance institutions design to offer better services to them. It will create awareness of the existence of microfinance banks and how useful its services are in helping to lighten lives economically and socially.It will serve as a reference point for future researchers because it is expected that the findings of this study will be useful to authorities like the local and state government, non-governmental organizations (NGOs), and informal financial institutions when conducting related studies. It is also expected that the findings of this study will be useful to academicians in understanding the various trends on women economic empowerment since it will add to the existing body of knowledge to further studies on various measures that can be taken in minimizing this problem.

## 1.7 Scope of the Study

The study was carried out in Jos south local government of Plateau state. The research workcovered the operations of Light Microfinance Bank, Highland Microfinance Bank and Grace field Microfinance Bank with a view of identifying the services they render towards contributing to women economic empowerment. The independent variable which is

microfinance services was operationalized as (microcredit, micro-savings, financial training and advisory services) and ways in which these services impacts on women economic empowerment.

## 1.8 Limitations of the Study

Data was collected from women operating with microfinance banks in Jos South LGA. As a result, the findings of the study may not be extended beyond these microfinance banks because of the way women are affected in diverse ways regarding the current economic recession in Nigeria and Plateau state in particular.

Data was only collected from microfinance banks in Jos South LGA, Deposit Money Banks were not considered.The data of this study was collected through questionnaire only. Therefore, voluntary cooperation of the respondents determined the accuracy of the feedback. For example, the accuracy of the study might have been affected by dishonesty of the respondents in trying to project a good image of the bank or the government; this is however beyond the researchers' ability to ascertain.

The use of Smart PLS, that is, if SPSS was used to test the hpotheses using multiple regression, the contribution would have been more not as small as Smart PLS allows.Also, collecting data at a single point in time (cross sectional) also raised the question of common method variance. Subsequent research on this topic can use a longitudinal approach to address these issues

# CHAPTER TWO

# LITERATURE REVIEW AND THEORETICAL FRAMEWORK

## 2.1 Introduction

This chapter presents a review on the concept of economic empowerment as it relates to microfinance, empirical studies and the relevant theories that underpin this study.

## 2.2 Concept of Women Economic Empowerment

Empowerment is the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes (Krishna, 2003).According to the United Nations Capital Development Fund (2002), an empowered woman has a sense of self-worth. She can determine her own choices, and has access to opportunities and resources providing her with different options she can pursue. She has control over her own life, both within and outside the home and she has the ability to influence the direction of social change both nationally and internationally. Irobi (2008), opined that economic empowerment refers to economic security of oneself.Economic empowerment concerns the expansion of access to productive assets, including physical and financial opportunities to pursue economic gains. Economic empowerment is the capacity of women and men to participate in, contribute to and benefit from growth processes in ways which recognise the value of their contributions, respect

their dignity and make it possible to negotiate a fairer distribution of the benefits of growth (Eyben, Kabeer& Cornwall 2008).

Schmitz (2009) defined women economic empowerment as the process which increases women real power over economic decisions that influence their lives and priorities in the society.Womeneconomic empowerment seeks to ensure that women have the appropriate skills, capabilities andresources and access to secure a sustainable income and livelihood (Allendorf, 2006). Suguna (2006) identified that economic empowerment is the preliminary phase of women improvement it refers to better access to economic assets both within and outside the home. Okechukwu, Nebo, and Jude, (2016) opined that women economic empowerment can be achieved given the following: (a) The availability of resources and women having the skills to utilize them; (b) Access to economic opportunities and control over the economic benefits of those opportunities; and (c) Women using those benefits to make strategic choices leading to positive changes in their lives and improve their standard of living and that of their family. Economic empowerment increases women access to economic resources and opportunities including jobs, financial services, property and other productive assets, skills development and market information (Eyben, Kabeer,& Cornwall, 2008).Mayoux (2001) opined that economic empowerment of women gives them the ability to create their own businesses and better employment opportunities for increased income. When women control decisions regarding their savings and credit they will optimize their own welfare and that of their household. In the context of this study, Schmitz (2009) definition of women economic empowerment will be used which is the process which increases women real power over economic decisions that influence their lives and priorities in the society.

## 2.3Concept of Microfinance

According to Robinson (2003) microfinance refers to all types of financial intermediation services (credit funds transfer, savings, insurance and pension remittances) provided to low-income households and enterprises in both urbanand rural areas, including employees in the public and private sectors and the self-employed. Khan and Noreen (2012) opined that microfinance is another kind of banking that gives access to financial and non-financial services to individuals with small or no income and those without work or job. According to Morduch, Hashemi and Littlefield (2003); Allegieuno and Attah (2005) microfinance is the financial empowerment of economically active poor through the provision of micro credit and other productive asset, it enhances the latent capacity of the poor for entrepreneurship, enabling them engage in economic activities, be self-recant and also enhancing the household income as well as creating wealth. By providing access to financial services, microfinance plays an important role in the fight against many aspects of poverty (Adeyemi, 2008). Microfinance is not a simple lender; it is also a development tool of human skills and capabilities (Ledgerwood, 1999).

Hoque and Chisty (2011) asserts that microfinance have a variety of products including micro loans, savings and other deposit products, remittances and transfers, payment services, insurance, and any other financial product or service that a deposit money bank may not offer to low-income clients in the banking system. In addition to credit and savings, some micro-finance institutions (MFI) provide other services such as micro money transfers and micro insurance and also get involved in social intermediation such as development of social capital and external support services (Aheeyar, 2007). From the point of view of Ayertey, (2008)microcredit is a component of microfinance which involves the provision of credit to the poor, while

microfinance add on non-credit financial services such as insurance, pensions, savings and payment services.As the traditional financial system provides benefits and safety to the rich segment of the society, microfinance tries to lift the poor segment of the society from the circle of poverty and enable them to contribute and participate in the economic activities and development (Mohammed, 2010). Irobi (2008) defined microfinance as the provision of financial services (credits/loans, savings, micro-leasing, micro-insurance, and payment transfers) to economically active poor and low income household to enable them engage in income generating activities or expand/grow the small businesses. In context of this study, microfinance is defined as a kind of banking that provides both financial and non-financial services to the low income people in a society.

**2.4 Operations of Microfinance Banks**

Microfinance banks are certified financial institutions set up to cater for the un-served but working population in the rural areas by making available differentiated, inexpensive and reliable financial services to the low income group in a suitable and competitive manner which would allow them to carry out and develop long term, viable entrepreneurial actions and assemble savings for intermediation (Central Bank of Nigeria, 2005). The establishment of microfinance banks is to serve the following purposes according to CBN (2005); provide diversified, affordable and dependable financial services to the active poor in a manner that would enable them to undertake and develop long-term, sustainable entrepreneurial activities; mobilize savings for intermediation; create employment opportunities and increase the productivity of the active poor in the country by increasing their individual household income and uplifting their standard of living; enhance organized, systematic and focused participation of the poor in the socio-economic development and resource allocation process; provide real

avenues for the administration of the micro credit programmes of government and high net worth individuals on the non-recourse case basis; render payment services, such as salaries, gratuities, and pensions for various tiers of government.

Microfinance institutions are those institutions that take deposits, lend in a very small denomination and give other facilities like financial to those people who are poor and not able to access the traditional banking institutions. These institutions lend through the concept of Joint Liability Group (JLG) an informal group comprising of 5 to 10 individual members who come together for the purpose of availing bank loans either individually or through the group mechanism against a mutual guarantee (Nasir, 2013). MFIs play a critical role in the economic development of many developing countries, they offer loans and/or technical assistance in business development to low-income community (Hartungi, 2007).

### 2.5 Services of Microfinance Banks

Microfinance banks are financial institutions that gives access to financial (microcredit, micro-savings) and non-financial (financial training, advisory services) services to individuals with small or no income and to those without income or job (Khan & Noreen, 2012).

#### 2.5.1 Microcredit

Naeem, Khan, Sheikh, Ali and Hassan (2015) referred to microcredit as the provision of small amount of loan to very small businesses.Microcredit is the extension of small loans to individuals, groups, or enterprises. Initially, microcredit was only given to be used as investments in economic activity, such as setting up small shops or purchasing inventor; also known as microenterprise loans. Today, microcredit is extended to aid in a number of situations: for consumption needs, for emergencies, and for investments (Nourse, 2001). Microcredit does

not only open up opportunity of self-employment but also contributes to the improvement of the situation for the entire household (Dobra, 2011). Credits are also said to create economic power that would generate into social power thereby lifting the poor out of poverty (Yunus, 1999). Beck, Demirguc and Honohan (2009) opined that credit obtained is not used for investment as a substantial part of it is used in meeting the consumption needs of the borrowers. This is supported by Makina and Malobola (2004) who noted that it is a common case among the poor who are highly likely to use credit for consumption rather than for investment.

Nkpoyen and Bassey (2012) conducted a study to assess micro-lending as an empowerment strategy for poverty alleviation among women in Yala LGA of Cross River State, Nigeria. The results revealed that increased savings, promotion of local cooperative societies and creation of self-employment opportunities are significantly related to poverty reduction. Previous studies, Rahman, (1999) and Kabeer, (2003) have found that microcredit has a positive empowerment impact on women.Accordingly, Hashemi, Schuler, Riley(1996) and Kabeer (2003) are of the opinion that there is positive impact of credit on reduction in domestic violenceand women empowerment. In the context of this study, microcredit will be defined as small loan given to low income earners.

### 2.5.2 Micro-Savings

Micro-Savings consists of small deposits account offered to lower income families or individuals as an incentive to store funds for future use. They are designed just like normal savings account although minimum deposits are usually waived or very low allowing users to save small amounts of money and not be charged for the services (Omunjalu&Fondo, 2014). Christen and Mas (2009) illustrate three ways in which savings can be used to improve the well-being of the poor.

Firstly, saved money can be used to make investments in economic activities, such as purchasing inventory, and thereby increasing productivity; secondly, the income earned by poor people is rarely stable due to insecure employment. This means that their spending on food, education, and health varies over time. With saved money, they could smooth over the unstable income ensuring continuous investments in health and education; lastly, if a shock were to occur, such as death in the family, natural disaster, or crop failure, poor people with savings are less vulnerable as they have money to handle the situation.

Savings service are in two forms; mandatory and voluntary savings, mandatory saving refers to the value of savings that the clients of microfinance are required to save as acondition of obtaining future loan; while voluntary savings refers to the amount of savings kept by MFIclients which is not required as a condition of an existenceto loan. Both forms of savings areimportant for enhancing the capability of poor to cope with the uncertainty shocks and reduce the financial costof lending and secure a sustainable fund source (Ledgerwood, 1999; Robinson, 2001). The interest rate on the deposited savings of the clients has the power to help the poor in accessing large size of loans and consolidate their financial position. In addition, the availability of accessing savings accounts helps poor clients to cope with uncertain shocks (Al-Shami, Abdul-Majid, Abdul-Rashid & Abdul-Hamid, 2014).The poor in the society which comprise of the women are the most defenseless to risk and yet the least protected against the consequences of different kinds of risk which compounds when they are not adequately prepared with a savings cushion to mitigate them.Women usually invest a higher proportion of their earnings in their families and communities than men this was supported by a study in Brazil which showed that

the likelihood of a child's survival increased by 20% when the mother controlled household income (Uwantege&Mbabazi, 2015).

### 2.5.3 Financial Training

Training according to Mullins (2010) is the process of systematically acquiring job related knowledge, skills and attitude in order to perform with effectiveness and efficiency specific tasks in an organization. Mullins (2010) stated that acquiring of knowledge and skills during training is not required for its own sake in industrial and commercial enterprises, it is utility that predisposes an organization to invest financial and material resources in training. More so, financial training has been found to have positive effect on entrepreneurial activity in Nigeria and Germany (Stohmeyer, 2007; Ibru, 2009).Women entrepreneurs needs financial training to assist in growing their businesses, manage their finances, sale and administer their business in general. Almamun, Wahab, Malarvizhi and Mariapun (2010) opined that emphasis must be given to the provision of most suitable development programs and training to assist the poor households to know how to use credit in the process of generating income and investment in their new businesses. The clients also need to be trained so as to have the skills for specific production and business management as well as better access to markets so as to make profitable use of the financial resource they receive (Bennet, 1994).

Mahmood (2011) observed that microfinance helped increase the level of entrepreneurship in Pakistan but he was quick to point out that lack of training programs slowed down the level of entrepreneurship by women. According to Mensah and Benedict (2010) financial training will be more effective when combined with microcredit service and it has a potential to enhance the

capacity of micro and small enterprises for job creation and growth in South of Africa.Agarwal, Driscoll, Xavier, and Laibson (2010) showed that participants in a voluntary financial education program are less likely to fall behind on their mortgage payments indicating that increased financial literacy leads to lower delinquency rates. In Burkina Faso, microfinance groups that received loan literacy training had higher repayment performance, confirming the positive effect of financial literacy (Paxton, Douglas & Cameron, 2000).Researchers support the fact that majority of MFIs clients do not have entrepreneurial skills, and cannot make good use of microfinance factors (Karnani, 2007), hence need training. In the context of this study, training will be defined as the acquisition of knowledge and skills by individuals.

### 2.5.4 Advisory Services

Advisory services encompasses a range of services that MFIs root for to support entrepreneurs and further enhance their increase business performance. Advisory services include advising on the expansion of operations into new markets. According to Mutisya, Okibo and Olweny (2014), the major advisory services include insurance, risk management, business optimization, financial management, strategic business planning and investment opportunities these are of great importance since they take care of future contingencies. The researchers observed that advisory services were important because they enhanced increased entrepreneurial growth. Awuah and Addaney (2016) opined that advisory services include enterprise development service that provide knowledge and information services with focus on potential entrepreneurs to assist them raise human capacity and organization capabilities. They address constraints to business creation and growth. Many MFIs are more comfortable providing only financial services to their clients without considering the welfare of the recipients or equipping them with enterprise skills. This

has become a shortfall in the provision of piece meal microfinance because the financial services without the requisite skills might lead to financial mismanagement and its attendant problems which may further worsen the plight of some businesses (Parker & Pearce, 2012).

## 2.6 Indicators of Women Economic Empowerment

This study considers views of (Malhotra& Schuler, 2005) to adapt indicators of economic empowerment which include: increase in income, contribution to assets and resources, household and economic decision making, financial savings and confidence.

### 2.6.1 Increase in Income

This refers to the ability to exercise greater control over a client income within the household economic portfolio. It is measured in terms of an increased role in bargaining power in decisions regarding the decision to save and use of income earned/generated from business activities (Kato &Kratzer, 2013). This increased income enables women to secure greater levels of decision making power within the family units (United Nations Capital Development Fund Report, 2002). It emphasizes on breaking the vicious circle of poverty reduction in enhancement in resources available for utilization and diversification towards higher income activities (Rahul, 2015). Women ownership of income generating activities (IGA) is also suggested as a strong indicator of women empowerment through microfinance (Mayoux, 2000; Cheston& Kuhn, 2002). Studies have shown that some members have used the loan obtained from microfinance banks to start business; some to scale up theirexisting business, others to add a new business (Suguna, 2006).It

is measured in terms of an improved income earning capacity, improved livelihood skills and increase in income.

### 2.6.2 Contribution to Assets and Resources

This refers to legally or socially authorized individual ownership of property or assets. Women enjoy the right to property including the right to possess land and various funds were put in place in order to facilitate women entrepreneurs to easily access credits in the economic sphere.Economic empowerment concerns the expansion of access to productive assets, including physical and financial opportunities to pursue economic gains. This indicator of economic empowerment involves the distribution of capital and income generating opportunities.Cheston and Kuhn, (2002) are of the opinion that providing women with access to financial resources helps increase the stability of the family unit. It is measured in terms of ownership of some assets and greater access to financial resources.

### 2.6.3 Household and Economic Decision Making

According to Mayoux (2001), when women are given decision-making power, they generally make decisions that will be optimal for their families.Women can use savings and credit for economic activity, thus increasing income and assets and control over these income and assets enhance women social and economic status that ultimately leads to empowerment. This economic contribution may increase their role in economic decision making in the household, leading to greater wellbeing for women and children as well as men (Skarlatos, 2004; Swain &Wallentin, 2008). Increased economic role may lead to change in gender roles and increased status within households and communities (Okechukwu, Nebo, and Jude, 2016). When women have greater access to financial resources and services, they obtain greater decision-making power regarding money and their households. Where this power lies may have significant

implications for families and communities. When women startto receive and use credit to make a positive contribution to the household and the community the perception toward them starts to change. Changes include both in the self-perception of the women as well as changes in the perceptions that others have on those women. (Kato &Kratzer, 2013).This variable is measured by involvement in decision making related to household expenses, improvement in the home and decision making related to large purchases.

### 2.6.4 Financial Savings and Confidence

Savings plays a vital role in building confidence of people, it can be used as a substitute of insurance where social safety nets are hardly ever existent for the poor of the developing countries (Hossian, 2012). Poor people are the most defenseless to risks and yet the least protected against the consequences of different kind of risks which compounded when they are not adequately prepared with a savings cushion to mitigate them. The poor have the desire to save and the demands for secure and convenient savings services are often even stronger among them than are credit services. Increased control is likely to; contribute to women empowerment, facilitate entrepreneurship, assist women in their reproductive tasks and ease their repayment burden. Brannen (2010) confirmed that savings services provided by Village Savings and Loan Association Program in Zanzibar, Tanzania has the capacity toameliorate the clients' livelihood and their families as well as empower them. This item is measured in terms of been confident financially, ability to save money out of household income regularly and ability to cope with financial crises.

## 2.7 Microfinance Services and Women Economic Empowerment

Targeting women is generally acclaimed as a good thing by donors, NGOs and government (Mayoux, 1999). It is believed that providing women with the proper resources, will give them the power to help the whole family and the entire community escape poverty. Providing access to finance for entrepreneurial activities, microfinance services can significantly increase women ability and capacity to work independently which reduce their vulnerability to poverty (Wrigley-Asante, 2011).MFIs are empowering poor people by providing financial and non-financial services to enhance their living standard through the facilities for poverty alleviation, health nutrition, education and self-employment opportunities and helping to get capital and independent income and contribute economically to their family and society (Rathiranee&Semasinghe, 2016). With micro finance, the poor are able to obtain relatively small loan, establish a micro – enterprise with such and earn reasonable income for themselves thereby, reducing unemployment and enhancing economic growth (Olasupo&Hamed, 2013).Kabeer (2005) found out that access to financial services can and does make important contribution to the economic productivity and social well-being of poor women and their households.

Mayoux (1999) argued that sustainable microfinance services alone might lead to women individual economic empowerment through stimulating women micro enterprise development leading to increased income under women control. Kato and Kratzer, (2013) opined that microfinance services empowers the poor by giving them the ability to earn income through different types of entrepreneurial activities. These entrepreneurial activities raises their ability to contribute to their families support which increases women role in household decision making and control over allocation of resources within the household economic portfolio. It is reported that micro-finance services creates opportunity for entrepreneurial activity as well as generates

income (Brana, 2008& Shane, 2003) as such there is a positive relationship between micro-finance services and opportunity for entrepreneurial activity through economic empowerment.There are varying underlying motivations for pursuing women empowerment. Some argue that women are among the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority (of microfinance customers revealed their access to financial services which facilitates poor Mayoux, 1997). Keeping up with the objective of financial viability, an increasing number of microfinance institutions prefer women members, as they believe that they are better and more reliable borrowers. Rathiranee and Semasinghe, (2016) showed that the support of thousands people lift their household income, make assets and cut their weaknesses.

Swain (2006) opined that by helping women meet their practical needs and increase their efficacy in traditional roles, microfinance can help women gain respect and achieve more in their traditional roles, which in turn can lead to increased esteem and self-confidence. Boyle (2009) has found that by supporting women economic participation, microfinance helps to improve household well-being, which was supported by a study by Khan and Rehman (2007) in Chittagong district in Bangladesh, recipients of microfinance facilities were reported to improve their livelihoods and moved out of poverty, microfinance recipients had also empowered themselves and become very active participants in the economy. Access to MFI can empower women to become more confident, more assertive, more likely to take part in family and community decisions and better able to confront gender inequities.In “Microfinance and the Empowerment of Women,”Mayoux (2001) as cited in the work of Dyar, Harduar, Koenig and Reyes (2006) identified three distinct models outlining why women are frequently targeted for microfinance initiatives.

**Model 1: Financial Self-Sustainability:** Here, organizations work to increase financial and lending services to poor people particularly women with the goal of creating overall market growth. Women are considered to be ideal targets because of their proven high loan repayment rates when compared to men. The goal of microfinancing is to ensure that women have the same access to opportunities as men, since economic empowerment provides the necessary access to resources to enable individuals to make their own decisions and become self-reliant. This model assumes that providing women with access to small loans will increase their economic empowerment.

**Model 2: Poverty Alleviation:** In this model**,** organizations promote microfinance as a means of alleviating poverty and fostering community development. Women are the main target here because of their high level of poverty and responsibility for maintaining and running the family unit. In this aspect, entrepreneurial empowerment is seen as a means of increasing the well-being, social participation and poverty for women, their families, and their communities (Loice&Razia, 2013).

**Model 3: Feminist Empowerment:** The goal of this theory is to promote economic, social and political empowerment among women. Here, women are seen as primary target among organizations that seek to create gender equality and promote human rights. The model considers empowerment to be the "transformation of power relations throughout the society" (Mayoux, 2001). It assumes that empowerment of women is the result of overall changes in the structure of society at the macro level, as well as a redefinition of gender roles at the micro level. As there are three broad models for looking at microfinance initiatives, most microfinance programs do not strictly adhere to just one of these models. Instead, microfinance programs tend to be a

mixture of all three models with different levels of emphasis placed on different areas depending on the views of the organization managing the programs.

## 2.8 Measurement of Women Economic Empowerment

Various measures of women economic empowerment have been used in previous research. Vishal, (2015) suggested women access to employment, contribution in household income, participation in household decision making and regularity in contributing to saving bank account as indicators to economic empowerment. Awojobi, (2014) used economic empowerment, increased wellbeing and social and political empowerment as indicators of empowering women. Brody, De-Hoop, Vojtkova, Warnock, Dunbar, Murthy andDworkin (2016), used outcome indicators to measure economic empowerment which include; income generation by women; female ownership of assets and land; expenditure patterns, degree of women participation in paid employment; division of domestic labour across men/women; control over financial decision making by women. Ramajeyam, Sooriyakumaran and Vannarajah, (2016) used increased income, increased savings, increased assets ownership, increased food security and increased consumption as indicators of empowerment of women entrepreneurs. Participation, self efficacy, ability to make decisions, bargaining power, control of household resources, financial independence, access to new markets and improved livelihood was used as indicators to economic empowerment through microfinance (Wanjiku&Njiru, 2016).

Alam, Hamid and Roy (2015), developed a cumulative empowerment index (CEI) measuring economic empowerment in their study to include; contribution to household income, monthly savings, monthly investments, new addition to assets ownership of the respondent, access to resources, capacity building to cope with household shocks and frequency of participants in socio economic activities. Rathiranee and Semasinghe (2015) suggested decision making,

freedom to mobility and family support as indicators of women empowerment. Njogu (2016) used economic empowerment, decision making, access to and control of financial resources, increasedwell being and relationships and domestic violence as indicators of empowerment. Rahul, (2015) suggested impact on income, generation of employment, impact on savings and entrepreneurial success as indicators of economic empowerment. Ondoro and Omena (2012) used increased income, enhanced savings, growing investment and financial management skills as indicators of financial empowerment. Large savings, self employment, acquisition/ control and access to borrowing was suggested as indicators of economic empowerment (Rashid, John, Consolatta& Stephen, 2015).

The dimensions of empowerment by (Malhotra& Schuler, 2005) framework are economic empowerment which include; women control, access to credit, contribution to family support and increased household, ownership of properties and assets; social and cultural empowerment includes freedom of movement, lack of discrimination against daughters, commitment to educatingdaughters, participation in domestic decision making, control over sexual relations,ability to make childbearing decisions, use contraception, control over spouse selectionand marriage timing and freedom from violence; legal empowerment includes theknowledge of legal rights and mechanisms and familial support for exercising rights; political empowerment includes the knowledge of political system and means of accessto it, familial support political engagement and ability to exercise right to vote; psychological empowerment includes women increased self-esteem, self-efficacy andpsychological well-being.This study therefore considers views of (Malhotra& Schuler, 2005) to adopt economic empowerment (increase in income, contribution to assets and resources, household and economic decision making, financial savings and confidence).

## 2.9 Review of Empirical Studies

Ekpe, Mat and Razak (2010) studied effects of microfinance factors on women entrepreneurs' performance in Nigeria. The methodology of this study was based on a survey using structured questionnaire, indepth interview and secondary data from microfinance institutions. The data obtained were analysed using the structural equation modelling. The result of the analysis shows that women entrepreneurs especially in developing countries, do not have easy access to microfinance factors for their entrepreneurial activity and as such have low business performance than their men counterparts, whereas the rate of their participation in the informal sector of the economy is higher than males. Based on this result the study recommendedthat women entrepreneurship could be an effective strategy for poverty reduction in a country since women are the worst hit in such situation. This study focused more on micro credit and savings towards women performance.

Sultana and Hasan (2010) examined impact of micro credit on economic empowerment of rural women of Gazipur District of Bangladesh. A total number of 90 respondents were selected as sample using stratified random sampling technique, survey method was applied and interview schedule was used to collect relevant data from the respondents. Sample t-test was used in the analysis. The study revealed that Bangladesh rural advancement committee (BRAC) women received more micro-credit and utilized this for conducting more income generating activities than control group, they earned more income, saved more money and at the same time owned more assets than non BRAC women. The study stressed the need for more loans to be expanded to low income women folk by different Government organizations and NGOs which would

ultimately enhance their economic solvency and empower them economically. The study focused on microcredit towards women economic empowerment ignoring other services of microfinance.

Chowdhury and Chowdhury (2011) investigated microfinance and women empowerment in Bangladesh. The study made use of panel data survey which are quasi-experimental in nature to measure individual level outcomes. The result of the findings showedthat participating women have better significant results in terms of both individual and household level outcomes than eligible non-participants. The study recommended that in any further studies of women empowerment, it is important to measure any disempowerment effect happenings within the household or even worse at social level. The study only measured microcredit in relation to women empowerment ignoring other services microfinance offers.

Mahendra, Reddy and Bhat (2011), conducted a study on economic empowerment of women through self-help groups in Mahabubnagar district of Andhra Pradesh. The purpose of the research was to find out the impact of self-help groups, the changes in the income level and savings of women as members of self-help groups and to analyze the factors that influences economic empowerment of women. Data was collected by using a questionnaire from 147 members of the self-help group. Data was analyzed using SPSS 17.0. The results implied that economic empowerment can be achieved through self-help group model, as a member of self-help group it was found that there is an increase in the income and the savings level among the members of the group. The result of this study however is only applicable in the context of income and savings level among self-help group members and not microfinance bank members.

Abdulkadir, Umar, Garba and Ibrahim (2012) analysed the impact of microfinance banks on women entrepreneurial development in Metropolis. Survey method of study was used. Simple

percentages were used in the data analysis. Findings from this study showed that microfinance banks impacts positively in enhancing socio-economic life of women entrepreneurs. The study therefore recommended that microfinance banks should come up with appropriate strategies to attract more investors and women participation in entrepreneurial activities should also be encouraged for women self-reliance and financial sustainability in the society. The study only measured microcredit ignoring other services of microfinance banks.

Babajide, Iyoha and Taiwo (2012) studied the contributions of microfinance to the development of micro, small and medium enterprises in Lagos and Ogun states. The methodology of this study was based on simple random sampling using both primary and secondary data with a population of 161 entrepreneurs. The data obtained were analysed using one sample t-test, Pearson correlation coefficient and multiple regression analysis. The result of the analysis showed that the non financial services (advisory service, pre-loan training, group membership, cross guaranteeship and network meetings) rendered by microfinance banks enhance business performance while the financial services (asset loan size, asset loan duration and asset loan repayment method) does not have the capacity to enhance micro small and medium enterprises growth. Based on this result, the study recommended that since microfinancing contributes significantly to an enhanced entrepreneurial environment by narrowing the resource gap for small businesses, when properly harnessed and supported, microfinance can scale up beyond the micro level as a sustainable part of the process of economic empowerment.

Isidore, Razak and Mat (2012) examined the moderating effect of self confidence in business on the relationship between loan access (credit), skill acquisition (training) and bonding (social capital) and women entrepreneurs' business performance in Nigeria. The study used a quantitative research method (survey),Data for the study was analyzed using hierarchical

regression. Findings derived from the study indicated that loan access, skill acquisition and bonding had significant positive influence on women entrepreneurs' business (sales) performance in Nigeria. The study recommended that the government should tie in loan access with skill acquisition and group membership to women entrepreneurs in Nigeria. This will enhance their business performance and subsequent wellbeing. The study only focused on self confidence in business performance however, microfinance is not empirically tested.

Shanthi and Ganapathi (2012) focused on impact of micro finance towards empowerment of women self-help groups with special reference to Coimbatore District. The research was based on sample survey method employing both primary and secondary data. The collected data were analyzed through Paired ‘t’ test, percentage analysis, factor analysis, discriminant function test, Anova, Regression, Weighted Average, Chi square test and Garret Ranking, Friedman non parametric test. The study recommended that the government should come forward to provide minimum entrepreneurship program through District Industries Center. This may pave the way for practical and technical training in new areas. Natural talents, aptitudes, capabilities can be multiplied through training programs to develop self-confidence, self-esteem, assertiveness, courage and risk. Findings showed that self-help groups (SHGs) are considered as the main channel for generating income to the women in all areas particularly in rural and semi-urban areas. The study measured microcredit as microfinance ignoring other services of microfinance.

Shekilango (2012) explored microcredit and empowerment of rural women from Mbeya region Tanzania. The study employed qualitative approachto obtain the empowerment experience of the rural women members to the savings and credit cooperative societies (SACCOS), multiple data collection technique was employed. Findings of this research showed that majority of rural women continue to have limited access to microcredit regardless of the nature of the credit

scheme; access to microcredit can positively contribute both economic and non-economic changes in rural women lives. The study recommended that if the rate of capacity building sessions in rural based microcredit schemes increases, the potential of women empowerment through microcredit shall remain significant to both categories of women members (that is, those that qualify for credit and those that do not). The study only focused on microcredit ignoring other microfinance services, the study however did not also mention how the data was analyzed.

Akingunola, Adekunle, Adegbesan and Aninkan (2013) determined how microfinance impacts on entrepreneurship development in Nigeria with a special reference to Ogun State. Survey research design was adopted and data collected through questionnaires, the collected data was analyzed using the ordinary least squares (OLS) regression method. The findings of the study showed that microfinance institutions go a long way in the determination of the level of entrepreneurial productivity and development in the Nigerian economy. The study recommended that in order to enable the beneficiaries of micro finance schemes to fully appreciate the utility of the facility, the monetary authority (CBN) must continue to appraise the credit delivery channels and formulate policies that would facilitate the delivery of the facilities to the rural communities. The study referred to microcredit as microloan ignoring other aspects of microfinance.

Ifeakor, Anekwe and Nwanekezi, (2013) examined rural women empowerment through Skills Acquisition Programme (SAP) in Anambra and Rivers state. The data was presented using descriptive survey design, analysis was done using mean, standard deviation and t-test. Findings derived from these response is that most rural women have not received loans to start small scale business and that they would prefer government empowerment in areas like garri processing, soap making, farming and hair dressings. The study recommended that the fund released for any type of skills acquisition should be properly monitored to avoid embezzlement and

misappropriation and that the acquisition of basic computer skills should be encouraged and emphasized. The study focused on skills acquisition as an empowerment tool, however, there is need for further study on microfinance.

Kato and Kratzer (2013) investigated empowering women through microfinance in Tanzania. The study employed survey and in-depth interview method based on the use of both quantitative and qualitative data to collect research data. The research adopted Mann-Whitney U test to analyze the collected data. The study revealed that women members of microfinance institutions have more control over savings and income generated from the business, greater role in decision-making, greater self-efficacy and self-esteem, and greater freedom of mobility and increased activities outside home. The research recommended that if poorwomen wouldbe given an opportunity to access microfinance services, it will help tounlock their full economic potential and to develop a greater 'voice' in the home uponbeing recognized as earners of income and contributors to household budgets. The study measured microcredit as microfinance ignoring other services of microfinance.

Kumar, Hossain and Gope (2013) established the role of microcredit program in empowering rural women in Bangladesh. The study was a survey based exploratory research, the study used both qualitative and quantitative method. The collected data was analyzed through statistical techniques. The study revealed that women are more independent and can engage in decision making process after receiving and using micro credit. The study recommended that Grameen bank authority should concern to increasewomen literacy rate by which women can utilizeloan with freedom that can ensure empowerment. The study looked at only microcredit as a microfinance factor.

Nahamya, Ajanga, Nasinyama and Tumwine (2013) established the impact of microfinance service delivery on the growth of SMEs in Uganda. The study employed both quantitative and qualitative data analytical methods using multiple regression andlogit model to run the analysis. The result of the findings showed that although MFIs have performed below a set standard on average due to some industry wide challenges, the financial services have had a significant impact in linking small and medium enterprises and the poor to sources of credit and contributed to their growth in terms of growth of business capital and stock accumulation while the non-financial services offered by MFIs to SMEs like advisory service, training, counseling and corporate social responsibility do not expand employment as expected. The study recommended that there is need for an institutionalized public-private partnership for creating favorable conditions for the operations of these enterprises.

Rahman, Kabir and Helal (2013) examined women economic empowerment through micro-credit program. Data was collected using quantitative and qualitative method. Data was then analyzed using multiple regression method. The study revealed that different factors of household and community level e.g. ability of establishing rural cooperative banks, control of own poultry farm and its utilization, control of own jewelry and enjoyment, decision-making in land or equipment selling in an emergency and independent savings have been found significantly associated with women economic empowerment in the studied area. The research recommended a larger scale study. The study perceived microcredit as microfinance.

A study conducted by Akosile and Ajayi (2014) onthe impact of microfinance institutions on poverty reduction in Nigeria. The study adopted survey and descriptive research designs, chi-square was used to analyze the data. The results of the study revealed that microfinance banks,

cooperative investment and credit societies is a major tool in alleviating poverty. Their services have significantly aided poverty alleviation in terms of income generating capacities of the MSMEs and expansion in the business of the informal groups. The results of the study suggestedthat microfinance institutions should be strengthened in terms of adequate capitalization, vigorous and regular training of customers and staff, effective regulation, monitoring and supervision by central bank of Nigeria and incorporation of good corporate governance. The study used microcredit as the financial service of microfinance bank ignoring other financial service.

Al-Shami, Abdul-Majid, Abdul-Rashid and Abdul-Hamid (2014) examined the role of microfinance on the wellbeing of poor people case studies from Malaysia and Yemen. Cross-sectional survey with the randomized control trait was used for collecting the quantitative data while the regression logistic with chi-squire was used in the analysis. Findings showed that the intervention of microfinance institutions consists of three major functions of financial (loan, savings), nonfinancial (trainings) and social intermediation services (service group) which have significant impact on the poor wellbeing which manifested in the clients' household, empowerment and their micro and small enterprises' performance. The study suggested different kinds of trainings which include: business strategy training, plan training, marketing training, finance training, project management, time management, leadership, motivation, delegation, communication, and negotiation. The study has not studied the role of microfinance on women empowerment.

Awojobi (2014) examined empowering women through microfinance evidence from Lagos, Nigeria. The study used a survey method, primary and secondary sources of data collection

methods were used. The data obtained was transcribed and the transcripts were read carefully through this process, information obtained were analyzed. The results showed a significant improvement in the household well-being, income, employment and women empowerment as a result of participating in microfinance programmes. The study recommended that the regulatory authority should monitor the conduct of most of the MFIs vis a vis the high interest rate. The study only considered microcredit ignoring microfinance and its services.

Dikki, Muhammad, Dogarawa&Chechet (2014) examined the impact of non-financial services of microfinance banks (MFBs) on the performance of women entrepreneurs in Kaduna state. The study collected and utilized primary quantitative data by the use of structured questionnaires and analyzed by the use of ordered logit regression analysis. Findings revealed training and network meetings to be the only non-financial services of MFBs that significantly influenced the performance of women entrepreneurs. The study recommended that microfinance banks should be empowered by the government to provide entrepreneurship training from time to time to their clients and organize meetings that will pull people in the same line of business to enhance performance. The variables used in the study were training, advisory services, group membership, network meetings and supervision empowerment. There is need for further study on advisory service of microfinance.

Kireti and Sakwa, (2014) determined the socio-economic effects of microfinance services on women of Nakuru County, Kenya. Data analysis used descriptive statistics computed using the Statistical Package for Social Sciences (SPSS) Software. The results and findings concluded that microfinance services had effects on the socio-economic status of women. The study recommended that there is a need for further study to be done by all development stakeholders to

find out the effects of other microfinance services (such as micro-insurance, remittances and non-financial services) on the socio-economic status of the users since this is a critical area of study that can help much in policy decision making that would help to eradicate poverty.However, access microcredit, availability of micro-saving service, access micro insurance and provision of non-financial services was linked to improved socio-economic status.

Modi, Patel and Patel, (2014) studied the impact of microfinance services on rural women empowerment in North Gujarat India. The study was descriptive research in nature, correlation and multiple regression was used to test the hypothesis through SPSS version 16. The findings indicated that 4 of the 5 factors (social economic status, upgradation, autonomy of life choice, women position in the family or society and positive approach towards child development) have significant impact on rural women empowerment. Whilst in conclusion, it was recommended that, microfinance institutions should provide training programs to rural women to improve women entrepreneurial skill and reduce the problems which hinder their access to microfinance. Microcredit was used to test its impact on women empowerment ignoring other microfinance services.

Mutisya, Okibo and Olweny (2014) analysed the effect of microfinance services on performance of businesses owned by women in Kibera slum, Nairobi county. An ordinal regression model was used to analyze the data. Findings from this study showed thatprovision of finance, training programs and advisory services influences performance of businesses owned by women. It is along the line of these findings that the study recommended that the county government of Nairobi may also consider partnering with microfinance institutions and create training programs among the new and existing women entrepreneurs in order to fight poverty in slum areas.

Finance, training programs, and advisory services were only considered as microfinance services in relation to the performance of women.

Omunjalu and Fondo (2014) studied the role of microfinance in economic empowerment of the youth: a case of Mombasa county Kenya. The variables used were micro credit, micro savings and micro insurance. The research employed descriptive research design using simple random sampling. Data was collected by use of questionnaire thereafter analyzed using both quantitative and qualitative techniques. The study results showed that MFIs have role to play in economic empowerment of the youth. Loan repayment default was largely a result of non-supervision of borrowers by the MFIs, as well as inadequate training of borrowers on utilization of loan funds before they received loans. The study recommended that to increase accessibility for microfinance products and services the government, investors and other interested stakeholders should be involved in key decisions affecting micro financing. This would help bring in new ideas which MFIs are able to tap and implement. The study however used microfinance services for youth empowerment rather than women empowerment.

Vakil and Mohammad (2014) studied barriers to rural women economic empowerment. A descriptive–correlation survey approach was used for the study.Data collected were analyzed using the Statistical Package for Social Sciences (SPSS13). Results showed that the most important barriers to rural women economic empowerment are: less skill of women, lack of men confidence to women, sexuality, much busy to work at home, lack of employment opportunity to rural women, lack support of government from women entrepreneurship, lack of ability of talking in public.The findings suggested a formal and non-formal education and training to build the economic capabilities of women in rural areas and eliminate gender stereotyping.

Akisimire, Abaho and Basalirwa, (2015) investigated microfinance and entrepreneurial empowerment of women: The Ugandan context. The variables used in the study are credit availability, business assistance, training and mentoring. The study adopted an exploratory cross sectional design. Data was analysed using multiple regression and pearson correlation to establish relationship between the variables and to establish the influence of microfinance on women entrepreneurial empowerment. Findings from this study showed that access to credit is the major benefit from the microfinance services. The study found that microfinance and social capital have a significant relationship with entrepreneurial empowerment of women in a resource perspective hence there is need to support sensitisation and technical skills such as marketing and financial literacy in order to enable women entrepreneurs put the borrowed finances to good use. There was no direct relationship between savings, insurance and women economic empowerment.

Akpan and Nneji (2015) explored contribution of microfinance banks to the development of small and medium scale enterprises in Nigeria. The study used both primary and secondary data collected from 100 respondents using a structured questionnaire. Data collected was analyzed using multiple regression analysis with E-views Statistical software. Findings of this research showed that growth and performance level of SMEs depends largely on the activities of SMEs operating in the vicinity of the research. Variables like loan size, loan duration (financial variables), networking meetings and cross guaranteeship (non-financial variables) were found to have a positive impact on SMEs. The study recommended that government policies aimed at promoting the performance of SMEs should also address the financial and non-financial activities of MFBS.

Alam, Hamid, and Roy (2015) examined economic empowerment of women through microcredit in south west region of Bangladesh. The study used a sample size of 80 which was randomly selected and Cumulative empowerment index (CEI) was used to find out if microcredit taker women were economically more empowered than the non-microcredit taker women while multiple linear regression model was used to find out women empowerment status. The result of the analyses indicated that women taking microcredit are more flexible in terms of taking decision on household consumption, investment, saving, earning money, access to assets and resources, participation in socioeconomic activities as compared with women who do not receive microcredit. Microcredit was only looked at ignoring microfinance and its services.

Arul and Packirisamy (2015) explored the impact of micro enterprises on women empowerment. The study used Average and percentage analysis. Overall findings of this study showed that micro enterprises lead to women empowerment and entrepreneurship it makes the women to wholly involve in income generating activities by choosing to own a business venture. However, the results showed that women empowerment is very important for the acceleration of economic growth. Thus, the economic empowerment of women is being regarded as a sine- quo-non of progress for a country. Women should be imparted technical knowledge, skill- training and marketing techniques in the process of establishing enterprises by them for more sustainability and economic stability. The study only usemicrocredit as microfinance.

Gupta and Singhal (2015) established an empirical study on rural women empowerment through microfinance. The study used secondary data from annual reports of NABARD, publications of World Bank and various other government reports published by different institutions and

ministries, websites, newspapers, journals, magazines and other published material. The study revealed that microfinance improved the literacy level of rural women by improving awareness on children education, and that most of the women are not aware of the trainings organized by the banks. The study also recommended that microfinance institutions should provide regular training programs to rural women to improve their entrepreneurial skill and reduce the problems which hinder their access to microfinance. Loans and savings in this context were used as microfinance services.

The study on micro credit as a strategy for poverty alleviation among women entrepreneurs in Nassarawa state, Nigeria conducted by Idris and Agbim, (2015).Regression statistical method was employed to analyse the generated data. Findings of the study showed that micro-credit had significant effect on self-employment, education, training, skills acquisition and economic empowerment. The study suggests that more awareness on the relevance of micro-credit to self-employment, education, training, skills acquisition, and economic empowerment should be created. Again, microfinance institutions should be encouraged to provide women entrepreneurs with more micro-credit. The study ignored other variables of microfinance.

Muhammad, Muhammad and Sania (2015) examined the estimating effects of microcredit on women empowerment from District Attock of Pakistan. The data collected was converted into qualitative and quantitative analysis using both multiple and simple regression. The results concluded that micro credit plays a very positive role in the lives of rural women. The study suggested that true empowerment can only exist when government empower women financially because government and NGO's can financially assist them that they run their own businesses at small scale. The study recommended that various training program should be organized for

women to effectively utilize their loan amount. Also, true empowerment can only exist, when government and NGOs empower women financially.

Rashid, John, Consolatta and Stephen (2015) studied the impact of microfinance institutions on economic empowerment of women entrepreneurs in Kenya. The main variable considered in the study consists of microcredit, advisory services, insurance services and savings. Simple random probability sampling was applied to select ten (10) MFIs where four (4) active women entrepreneurs from each MFI was taken. Both primary and secondary data was collected through questionnaires and semi-structured interviews. Data collected was presented by descriptive statistics like pie charts and graphs and analyzed using Statistical package for social sciences (SPSS) version 22. The findings revealed that there was increased women involvement in decision making, control over resources, self-employment and increase in savings with advisory service and microcredit service, but there was a great negation of women involvement in decision making, control over resources, self-employment and increase in savings vis-à-vis insurance services and savings services. The study recommended that government should carry out institutional and policy reforms to promote better access and secure rights to assets for women by ensuring more economic growth and channel more resources to women development through licensing more MFIs.

Rathiranee and Semasinghe, (2015) studied factors determining women empowerment through microfinance in Sri Lanka. Data were collected from one hundred (100) rural women involving self-employment activities through a questionnaire using direct personal interviews. Judgement and Convenience Random sampling technique was used to select the sample size from three Divisional Secretariat divisions of Kandawalai, Poonakari and Karachchi in Kilinochchi District.

Multiple regression analysis was used for the analysis. The results revealed that microfinance helps the different categories of poor people and has the weak positive significant effects on the dependent variable i.e access to micro finance. Further study need to complement credit-delivery with social awareness raising, building confidence and skill training among women. The study only measured microcredit with empowerment in general ignoring other aspects of empowerment.

Rahul (2015) examined the impact of self-help groups on economic empowerment of women in Assam India. The study was based on primary data collected through interview of self-help group (SHG) member beneficiaries. A total of 100 members from 50 groups of two blocks (25 SHGs from each block) formed the sample size of the study.The result showed positive change in indicators of economic empowerment(income, employment and savings) after joining the SHG. The study concluded that SHGs have been playing a vital role in the empowerment of rural women in the study area. The study recommended that various organizations involved in microfinance should closely monitor the utilisation of credit by the members and motivate them to use for productive purposes for sustained income which may enable them to have their own bank account for savings. Also, agency related inputs for capacity building such as the development of forward linkages, like motivating workshops, training activities and backward linkages for development of micro enterprises are needed at frequent interval.

Uwantege and Mbabazi (2015) assessed the impact of women economic empowerment projects on their socio-economic development considering Agaseke Project as a case study. The study used both qualitative and quantitative methods to obtain the data. Structured questionnaires were administered to the respondents and data was analyzed through SPSS. Findings have indicated

that strengthening women and economic contribution to their families and communities plays a role in empowering them. These findings showed how effective participation of women in Agasekeproject has helped them to improve the quality of life in their families, because they are agents in improving their vulnerability situation. The study recommended that Agaseke project should expand its services in rural areas to facilitate poor women in village because rural women are the ones who are vulnerable to poverty, economic exclusion, and unemployment, uneducated and having no collateral. The study did not look at women economic empowerment in relation to microfinance services.

Vishal (2015) analyzed the impact of microfinance services on economic empowerment of rural women in Sabarkantha district in Gujarat India. The methodology of this study was descriptive in nature using questionnaire and the responses were taken using convenience sampling method. The data obtained were analysed using t-test. The result indicated that availability of loan from MFIs supported the respondents in getting productive employment, increase in their income and participation in decision making. The study concluded that microfinance institutions are playing an important role in increasing the economic empowerment of women and enhanced their ability to contribute in their families' decision making. The study saw microloan as microfinance ignoring other services of microfinance.

Awuah and Addaney (2016) explored the interactions between microfinance institutions and small, medium scale enterprises in the Sunyani municipality of Ghana. The study adopted a case study approach. Simple random sampling was used to select 152 respondents.The research involved a combination of quantitative and qualitative research approaches. Descriptive statistics was used in analysing the data. The study established that the effect of microfinance institutions

on SMEs was positive. Revenue, profit and assets base of SMEs increased over time when they patronised the services of microfinance institutions. The study, therefore, recommended that microfinance institutions should make their products more SME friendly, institute more business advisory services, and ensure the proper application of loans contracted from them through effective monitoring systems.

Njogu (2016) analyzed the role of microfinance institutions with respect to economic empowerment and poverty alleviation of rural women in Kenya. The study used both quantitative and qualitative data. Descriptive statistics was used. Findings from this study shows that availability and accessibility of microfinance institutions to women investors is above average. The study established that microfinance institutions play a positive role on women who invest in them by: increasing their wellbeing, access to and control of their resources, eradicating literacy among women, taking part in decision making in their household as well as economic decisions. It is along the line of these findings that the study recommended that microfinance institutions should train or educate women before giving them loans, this will reduce wastage of funds due to poor management. Lending was measured in the context of microfinance and not microfinance services.

Okechukwu, Nebo, and Jude (2016) examined women empowerment as a panacea for economic development and poverty reduction in Enugu Nigeria. Data used for this study were sourced from both secondary and primary sources of data. Data was analyzed using frequency tables, percentages, mean as well as z test. The study revealed that women need education, skills, access to assets or credit, social protection in order to fully develop their productive assets and tackle poverty. Based on the findings the study recommendedthat for women, their families and society

to reap the benefits of economic development and poverty reduction; investments in and empowerment of women both economic and socially are inevitable.

Ramajeyam, Sooriyakumaran and Vannarajah (2016) established microfinance intervention and empowerment of women entrepreneur in Jaffna district of Sri Lanka.Primary and secondary data were used for the study. Data collected was analyzed by using both descriptive and inferential analysis, the collection and multiple linear regression analysis were used to determine the effect of micro finance interventions on women empowerment. The result showed that only micro credit significantly and positively has effect on empowerment of women entrepreneurs, others are not. The study recommended that, micro finance organization have to give higher priority on micro saving and training.

Sibghatullah and Saleem (2016) explored the impact of microfinance on women empowerment with special reference to district Aligarh (India). The study was based on primary data, the study used partial regression coefficients to measure thechange in the average value of dependent variable with the per unit change in one of the independent variable. The results of the study suggest that efforts should be made to increase the regular participation of the group members in group activities, since this sort of exercise will create more awareness and empowerment among them. The study only measured loan and skill for training development ignoring other microfinance services.

Wanjiku and Njiru (2016) established the influence of microfinance services on economic empowerment of women in Olkolou constituency Kenya. Descriptive research design was used for the study, data was collected using questionnaire. Sample size for the study was 120 women chosen at random. The collected data was analyzed using spss version 21. The study found that

microfinance services has a positive and significant effect on women empowerment in Kenya. The study recommended that MFIs should enhance women training mostly in rural areas to enhance their skills on viable and sustainable investment ventures. There is need for a larger scale study.

Another research was conducted by Bernard, Kevin and Khin (2017), on influence of microfinance services on entrepreneurial success of women in Sri Lanka. The research studied only the influence of financial services; microcredit, micro-savings and micro-insurance of microfinance on entrepreneurial success of women entrepreneurs. An empirical investigation was carried out among a sample of 464 women receiving microfinance services, selected using stratified random sampling technique. The data were collected using a structured questionnaire. SPSS v.21 was employed to test the relationships between these microfinance services and entrepreneurial success. The results discovered that microcredit and micro-savings have a positive relationship with entrepreneurial success of women, while micro-insurance has not shown such a relationship. The study recommended that the products/policies offered in microinsurance are not adequate and do not assist the women entrepreneurs hence it is worth looking at this specific service with a view to developing the sector.

Josephat, Fulment and Matunga, (2017) investigated women empowerment and microfinance: evidence from Kondoa District. Convenient and purposive sampling techniques were used in this study and data collected analyzed using statistical technique. Findings revealed that women were empowered in economic, interpersonal and familial dimensions. The study recommended that women in the rural areas should be provided with financial services by the government in order

to strengthen the operations of the Savings and Credit Cooperatives (SACCOS) while financial institutions should expand their operations to the rural areas for more women to obtain loans. The study measured empowerment in five dimensions (legal, economic, interpersonal, familial and political). The study only looked at microloan as a factor of microfinance ignoring other factors.

Nisser and Ayedh (2017) studied microfinance and women empowerment in Eygpt. The result showed that the empowerment of women is considered as an important factor to let women depend on themselves and to increase their self-confident socio-economic development. The study recommended the participation of women in microfinance program which is very important in women empowerment. The study was brief and not detailed there is need for further expansion.

Rathiranee (2017) examined microfinance interventions and empowerment of women entrepreneurs in Sri Lanka using 337 samples of women entrepreneur clients of microfinance institutions. Data was collected using structured questionnaire and analysed using linear multiple regression using SPSS. The study used factor analysis to reduce and scan the variables on micro finance interventions (savings, credit, education and training). Findings showed that except for savings, other variables credit, education and training significantly and positively affect empowerment of women entrepreneurs. The study recommended for further development by including other mediating, moderating and or intervening variables. The study only examined the relationship between savings, credit and training linking it to empowerment as a whole not specifying the type of empowerment.

All studies reviewed showed different findings and conclusion which might have resulted from different methodology, variables used and period of study. However, to the best of the researchers knowledge, efforts have been done in this aspect but there is need for further knowledge to be expanded on microfinance services on women economic empowerment. This shows that some aspects of microfinance are neglected. The gap the researcher intends to fill is to combine only the services (microcredit, micro savings, financial training and advisory services) available at the three microfinance banks using a larger population so as to examine if these services renderedcan empower women at the locality. This study therefore seeks to contribute to existing knowledge and add to existing literature by examining effect of microfinance services on women economic empowerment.

## 2.10 Theoretical Framework

Various empirical literatures have adopted differing theories in relation to microfinance services and women economic empowerment. The most frequently used theories which have been validated in studies relating to microfinance services and women economic empowerment are the Classical Microfinance Theory by Dunford (2012) and the Identity Empowerment Theory by Boraian, (2008).

### 2.10.1 Classical Microfinance Theory

This theory as explained by Dunford (2012) is centered on change. The theory holds that micro finance institutions is one of the keys to poverty alleviation because it guarantees change in the status of the poor. Microfinance exist to provide a means for the poor to raise financial capital either through savings, loans or financial training for investment purposes in microenterprises.

The purpose is to either start or expand a microenterprise, which is expected to yield enough net revenue to repay the loan (capital and interest), and increase personal or household income enough to raise people's standard of living. An assumption of this theory is that, the poor utilizing microfinance save with, or access loan from a microfinance institution; invest these funds in viable micro enterprise; get financial advice from the institutions and yield major returns on investment. The theory relies on development through access to microfinance services of credit, savings, financial training and advisory services which can lead to increased income leading to increased ability to make meaningful life choices as well as decisions either individually or collectively. The long term impact can be the ability to transform these choices into desired action and opportunities.

### 2.10.2 Identity Empowerment Theory

In this theory, empowered women will be able to make commitment with a meaningful nature, these empowered women can undertake in activities that are both effective and goal-oriented. The theory assumes that an empowered woman is able to comprehend strengths and weaknesses associated with her past and present life while coping with relationship conflicts (Boraian, 2008). The theory depicts two different levels (the therapeutic or manipulators level, where a lot of importance is placed on mass campaigns such as those targeted at improving women literacy level and the level where participation takes a token form). Womenat the second level are introduced into income generating program which involves a lot of information exchange, collaboration and consultations through which women must participate before getting empowered.

## 2.11 Framework of the Study

This study is comprised of the following constructs: microfinance services and women economic empowerment. The framework for the study is expressed thus:

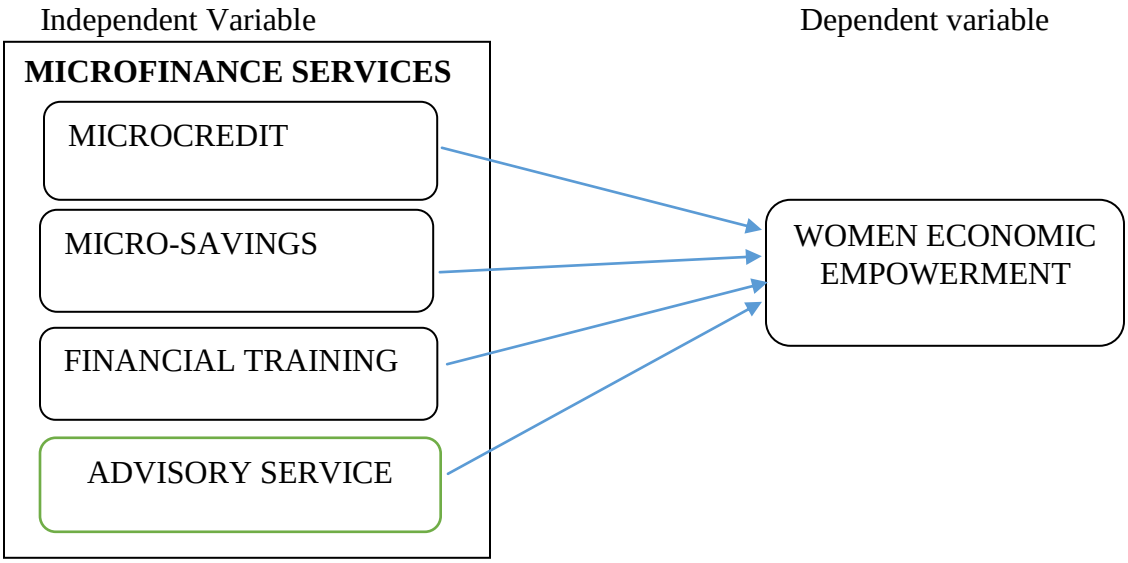



Figure 2.1 Research Model

The framework depicts a relationship amongst the key variables that affect women economic empowerment. The framework was tested and has shown how microfinance services (microcredit, micro-savings, financial training and advisory services) has effect on women economic empowerment in Jos South Local Government area of Plateau state.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter is mainly concerned with the suitable design for the present survey research. In this chapter, the researcher also determined the population and its sample, the data collection procedure as well as the method that is used in analyzing data.

## 3.2 Research Design

The study employed survey design which is cross sectional in nature. According to Kothari and Garg (2014) survey method comprises of cross sectional and longitudinal studies using either questionnaires or structured interviews for data collection. Sekeran and Bougie (2013) described cross sectional study as a one short study that collects data just once upon a time while longitudinal study is a kind of study in which data are collected for two or more times. The present study employed cross sectional study to collect data using structured questionnaire. The cross sectional design is more appropriate for this study than longitudinal research design because the period of the study under consideration might not be enough for longitudinal survey, others constraints such as effort and costs involved in collecting data for several periods of time which of course necessitate many researchers to prefer cross sectional research over longitudinal in most cases as suggested by Sekeran and Bougie (2013) as cited by Aminu (2015).

## 3.3 Population of the Study

The total number of microfinance banks in Jos South is three with 12, 175 women clients. The population of this study consist of all women in Jos South LGA who are beneficiaries of

microfinance services. Microfinance banks in Jos south include Gracefield, Highland and Light Microfinance Banks. The population of the study consists of (540 Gracefield Microfinance Bank, 7,433 Highland Microfinance Bank, and 4,202 Light Microfinance Bank) with a total of 12,175 women. These were obtained from the various banks. The choice of women was necessitated by the fact that these women are registered with these microfinance banks.

Table 3.1 Population of women in microfinance banks

| **Microfinance Banks** | **Population** |
|---|---|
| Gracefield Microfinance Bank | 540 |
| Highland Microfinance Bank | 7433 |
| Light Microfinance Bank | 4202 |
| **Total** | 12,175 |

Source: Annual Report of Microfinance banks in Jos south LGA 2015

### 3.4 Sampling Technique and Sample Size

Probability sampling designs are used when the representativeness of the sample is of importance in the interest of wider generalizability. When elements in the population have a known chance of being chosen as subjects in the sample, we resort to a probability sampling design. The study used systematic random sampling technique to determine the sample size, this technique was deemed appropriate because these women were randomly selected in each of the banks within the population (Creswell, 2003). This technique also ensures that these women had an equal chance of being selected. To enhance the randomness of the sample, the study allocated 464of the respondents proportionally in each of the MFBs.The sample size was determined using Yamane formula (1967) because of the level of precision, the level of confidence or risk and the

degree of variability in the attributes being measured. The assumptions are that the sample will be the representative of the population. Sample size formula:

$$n = \frac{N}{1+N(e)^2}$$

Where;

n = Sample size

N = Population size and

e = sample error level of significance

1 = constant

Therefore,

$$n = \frac{12,175}{1+12,175(0.05)^2}$$

n = 387 women clients

Using the population size of 12,175 at 95% confidence level at 5% error of precision level confirmed by Krejcie and Morgan's (1970) table of determined sample size.For the purpose of increasedrepresentation, minimum of 20% of the sample size as recommended by Israel (2013) wasaddedbringing the total to 464(387 x 20 /100 = 77.4 + 387 = 464). This takes care of other unavoidable errors such as incorrect filling, response bias and failure of some respondents to return questionnaire. The questionnaire was randomly distributed to the women that were systematically sampled from each bank.The samples of selected banks were determined in the proportion of each microfinance bank to the total number of women clients in the sampled microfinance banks. The formular used is thus:

$$S = \frac{\text{No of women in a bank}}{\text{Total no of women in all the microfinance banks}} \times \text{sample size}$$

The first sampled microfinance bank is Highland microfinance bank, the bank has a total of 7,433 women clients, the sample taken will be: HMB= $\frac{7,433}{12,175} X\ 464 = 283.$ LMB= $\frac{4,202}{12,175} X\ 464 = 160.$ GMB = $\frac{540}{12,175} X\ 464 = 21$

Table 3.2Sample size of Microfinance banks

| **Microfinance Banks** | **Numberof women customers** | **Sample Size** |
|---|---|---|
| Gracefield Microfinance Bank | 540 | 21 |
| Highland Microfinance Bank | 7433 | 283 |
| Light Microfinance Bank | 4202 | 160 |
| **Total** | 12,175 | 464 |

Source: Survey, 2017

### 3.5 Method of Data Collection

The researcher employed structured questionnaire. Questionnaire is simple and most widely used in a survey research, it is suggested that in an environment like Nigeria where research culture is not sufficiently developed, face to face delivery will be suitable (Ringim,Razalli& Hassan, 2012). Questionnaire were self-administered with the aid of one research assistance to women in the microfinance banks operating in the selected local government. The unit of analysis of the questionnaire was at the individual level of analysis. The unit of analysis is the level of aggregation of the data collected during the data analysis stage (Cavana, Delahaye, &Sekeran, 2001). The people or things whose characteristics social researchers observe, describe and explain.Typically, the unit of analysis in social research are individuals, group, industry, organisations, machines and nations.Perception of women operating with microfinance banks was measured. They are regarded as the main source of the information because they play a vital role when it comes managing resources.

### 3.5.1 Measurement of Instrument for the Study

The study used mainly primary data, which was collected using a questionnaire. The questionnaire was adapted from Wanjiku and Njiru (2016) for microcredit, micro-Savings was adapted from the work of Mutua (2016), financial training was adapted from the work of Wanjiku and Njiru (2016), questionnaire for advisory service was adapted from the work of Dikki, et al. (2014); Akpan and Nneji, (2015). Women economic empowerment was adapted from (Malhotra& Schuler, 2005) as cited in the work of Baghel and Dubey (2015); Sujatha and Malyadri, (2015); Bhatt and Rajdev, (2012). The adapted questionnaire measured how the independent variable (microcredit, micro-savings) influenced the dependent variable (financial training and advisory services) using a five point Likert scale to examine how strongly subjects in the questionnaire agree or disagree. The questionnaire examined variables covered in the conceptual framework, which were divided into three parts. The first part contained questions that give background information about the individuals representing microfinance banks. The second part measured microfinance services used in this research and how they affected the empowerment of women economically. Finally, the third part measured microfinance on women economic empowerment.

Five Point Likert-type scale was used to increase response rate and response quality along with reducing respondents' frustration level as noted by Babakus and Mangold (1992). In addition, it is mostly recommended from previous studies (Dawes, 2014; Dillman, Smyth & Christian, 2009). The use of Likert scale has been often necessary because it is an interval scale that enables a researcher to analyse questionnaire responses and it gives room to respondent to choose among multiple options.

### 3.6 Pilot Study.

A pilot study was carried out to ensure the reliability and adequacy of measures. Cronbach's alpha was calculated to measure the reliability and internal consistency of the measurement scales. The research pre-test the instrument using a pilot sample taken from the population under study. Pre-test was conducted by experts at the academic level including research supervisors, and at the field level, women group leaders of the selected microfinance banks where given the questionnaires to fill. The questionnaire was revisedand some adjustments and modifications were later made.

Table 3.3

Reliability result (n=71)

| **Construct** | **Items** | **Loadings** | **AVE** | **CR** | **CA** |
|---|---|---|---|---|---|
| Microcredit | A1 | 0.837 | 0.666 | 0.909 | 0.874 |
| | A2 | 0.863 | | | |
| | A3 | 0.845 | | | |
| | A4 | 0.717 | | | |
| | A5 | 0.811 | | | |
| Micro savings | B7 | 0.805 | 0.554 | 0.832 | 0.735 |
| | B8 | 0.743 | | | |
| | B9 | 0.694 | | | |
| | B10 | 0.730 | | | |
| Financial Training | C13 | 0.816 | 0.616 | 0.889 | 0.844 |
| | C14 | 0.752 | | | |
| | C15 | 0.778 | | | |
| | C17 | 0.750 | | | |
| | C18 | 0.825 | | | |
| Advisory Service | D19 | 0.688 | 0.642 | 0.842 | 0.718 |
| | D20 | 0.829 | | | |
| | D21 | 0.874 | | | |
| Women Economic Empowerment | E.II.22 | 0.805 | 0.579 | 0.916 | 0.895 |
| | E.II.25 | 0.813 | | | |
| | E.II.26 | 0.807 | | | |
| | E.CAR.27 | 0.754 | | | |
| | E.CAR.28 | 0.813 | | | |
| | E.HEDM.30 | 0.736 | | | |
| | E.HEDM.32 | 0.751 | | | |
| | E.FSC.33 | 0.584 | | | |

Note: CA= Cronbach alpha, CR= Composite reliability and AVE =Average variance extracted

Table 3.3 presents the items loading, reliabilities and convergent validity of the constructs under study. Items of the various constructs loading beyond the benchmark of 0.5 or negatively as recommended by Hair,Black, Babin, Anderson and Tatham (2014) were deleted at this pilot study level for example item A6, C11, C12, C16, E.II.23, E.II.24, E.CAR.29, E.HEDM.31, E.HEDM.34, E.FSC.35 and E.FSC.36 were deleted. The average variance extracted of the construct satisfied the recommended minimum value of 0.5 Thus, the constructs meets the convergent validity test.

### 3.6.1 Validity Test

Construct validity is the degree to which a test measures what it claims or purports to be measuring (Peter, 1981). To determine the validity and accuracy of the questionnaire, the study tested for convergent validity which refers to the degree to which two measures of constructs that theoretically should be related are in fact related (Campell& Fiske, 1959), the study utilized Average Variance Extracted (AVE) for convergent validity.

### 3.6.2 Reliability Test

Reliability test was conducted to ensure the quality of the questionnaire and guarantee that the scale used produces consistent results. Cronbach's Alpha coefficient is the most popular form of internal consistency. Therefore, the reliability and stability of questionnaire are determined from the score of each measurement (Hair, Black, Babin, Anderson &Tatham, 2014). Cronbach alpha coefficient of 0.70 and above is considered as reliably good (Lloyd, Streiner& Shannon, 1988).

## 3.7 Data Analysis

The study employed the Smart PLS 2.0 and SPSS v.20 in order to compute the two basic model of PLS path modelling which includes measurement model and structural model (Anderson &Gerbing, 1988). One of the reasons for the use of PLS is that it places a very flexible restriction in respect distribution and population of the study (Haenlein& Kaplan, 2004). In addition, it has the possibility of providing a more reliable and accurate computations. In using PLS SEM, there are basically two models, the Measurement (outer) Model and the Structural (inner) Model.

### 3.7.1 Measurement Model

The Measurement Model is the part which relates measured variables to latent variables. This study utilized the outer model to assess the reliability and validity of all constructs as well as the loadings of their indicators. In the measurement model, items loadings were examined and only items that loaded above 0.50 were retained (Fornell&Larcker, 1981). The internal consistency was measured by Cronbach Alpha (CA) and composite reliability (CR). Average Variance Extracted (AVE) was also examined and according to Fornell and Larcker (1981), a minimum requirement of 0.5 is acceptable.

### 3.7.2 Structural Model

Structural model was assessed to test the hypotheses of the study. Hair,Black, Babin, Anderson &Tatham (2014) identified four key criteria for assessing structural model in PLS SEM. These include; assessment of significance of the path coefficient, the effect size ($f^2$) and predictive relevance ($Q^2$). To ascertain the direct effect of microcredit, micro saving, financial training and advisory service on women economic empowerment, it is important to carry out a bootstrapping analysis. Bootstrapping was done 5000 subsample using 390 cases.

#### 3.7.2.1 Significance of Path Coefficient

Path coefficient were used to observe the direction of relationship and to understand whether the research hypotheses supported or does not support the proposed research model. This was made possible using a bootstrap procedure in smart PLS 2.

### 3.7.2.2 Effect Size ($f^2$)

Effect size is an important complement to null hypotheses significant testing. Effect size of each path in the structural equation model was evaluated by means of $f^2$ propounded by Cohen (1988). $F^2$ values of 0.02, 0.15 and 0.35 are considered small, medium and large respectively. R-square change is the change in $R^2$ when a casual (exogenous) factor is removed from the model (Cohen, 1988).

### 3.7.2.3 Predictive Relevance ($Q^2$)

Predictive relevance is vital to measure how well observed values are reproduced by the model (Akter, D'Ambra& Ray, 2011). Based on blindfolding procedure, $Q^2$ evaluates the predictive validity of a large complex model using PLS. $Q^2$ shows how well the data collected empirically can be reconstructed with the help of model and the PLS parameters (Fornell& Cha, 1994). The study examined predictive relevance of inner model, this applies the blindfolding procedure in smart PLS. $Q^2$ was applied to examine the extent to which this prediction was successful or not. Blindfolding utilizes a cross validated redundancy for constructs. For predictive relevance, the value of $Q^2$ must be greater than zero.

# CHAPTER FOUR

# DATA PRESENTATION AND ANALYSIS

## 4.1 Introduction

This chapter presented the data collected, analysed and interpreted the results. The data was analyzed using SPSS and Smart PLS-SEM. In this chapter, response rate is presented and analysed, the chapter also reported respondents profile in terms of age, education, employment, and type of business. Data cleaning, reliability analysis, mean, standard deviation and regression analysis were utilized

## 4.2 Response Rate

Table 4.1

Response Rate

| **Item** | **No of Copies** |
|---|---|
| No of Questionnaires distributed | 464 |
| No of Questionnaires returned | 429 |
| No. of Questionnaires not returned | 35 |

| | |
|---|---|
| Response Rate | 92.5% |

Source: Survey, 2017

Table 4.1 showed the summary of the copies of questionnaire distributed and the number of the copies returned. A total number of 464 copies of questionnaire were distributed to respondents. In total, 429 copies of questionnaire were returned, and 35 copies were not returned constituting 92.5% response rate which is suitable for further analysis. As a result of having 429 copies of questionnaire returned, the researcher did not fall beyond the minimum sample size determined earlier in the preceding chapter.

## 4.3 Data Cleaning and Preliminary Analysis

It is important to carry out some preliminary analysis before running structural equation modelling (Hair, Black, Babin, Anderson&Tatham 2014). The data collected were screened for missing values, outlier detection and multicollinearity. Details are presented below.

### 4.3.1 Missing Values

Missing data are nuisance to researchers and primarily result from errors in data collection or data entry or from omissions of answers by the respondents (Hair, Black, Babin, Anderson &Tatham, 2014). Missing data is one of the most pervasive problems in data analysis (Tabachnick&Fidell, 2013). It is always important to check for missing values in the data set. It is advised by Hair et al. (2014) that 10% should be used by researchers as a tolerable threshold for missing values. Using descriptive statistics, out of 12,012 data elements only 20 were found to be missing in the data set, which constitutes 0.0017% of the data set which is below the 10% benchmark, therefore were ignored. However, the missing values were replaced using mean

substitution. Mean substitution is the most commonly used method for replacing missing values (Hair et al., 2014).

### 4.3.2 Assessment of Outliers

An outlier is a case with such an extreme value on one variable (a univariate outlier) or such a strange combination of scores on two or more variables (multivariate outlier) that distorts statistics (Tabachnick&Fidell, 2013). Outliers can influence a research result, pulling the mean away from the median. Detecting outliers for multivariate analysis such as this study is best detected by using Mahalanobis distance (D2). The Mahalanobis distance (D2) is a method that measures each observation's distance in multidimensional space from the mean centre of all observations providing a single value for each observation no matter how many variables are considered (Hair et al, 2014). It is suggested by Hair et al. (2014), that conservative levels of significance (.001) be used as the threshold value for designation as an outlier. Thus, this study utilized Mahalanobis distance (D2) to detect outliers 39 cases were detected as outliers and were deleted from the data set 390 cases of 429 questionnaires returned were used for analysis, as a result of the deletion of 39 cases from the data set.

### 4.3.3 Multicollinearity Test

The presence of multicollinearity between independent variables might lead to a disputable result, which necessitate the test for multicollinearity. Multicollinearity occurs when two or more independent variables are highly correlated with each other (Hair et al. 2014). This leads to problems with ascertaining the contribution of the explanatory variables on the variance of the criterion variable. The rule of thumb is that the presence of high correlations (generally 0.85 and above) indicates substantial collinearity (Hair et al. 2014). The study utilized variance inflation

factor (VIF) to test for multicollinearity. A VIF figure above >_ 5 and tolerance value of 0.20 or lower shows serious collinearity problem (Hair, Ringle, &Sarstedt, 2011). There was no problem of multicollinearity as all VIF figure in Table 4.2 are below 5 with tolerance value above 0.20.

Table 4.2

Multicollinearity Test

| **Construct** | **VIF Values** | **Tolerance Value** |
|---|---|---|
| Advisory service | 2.241 | 0.446 |
| Financial training | 2.503 | 0.399 |
| Microcredit | 2.768 | 0.361 |
| Micro saving | 3.010 | 0.332 |

Source: Field Survey 2017

### 4.4 Demographic Statistics

This section presented demographic statistics based on the demographic characteristics of respondents. The demographic characteristics include age distribution, education, employment, years in business and type of business of respondents. The results are presented below

Table 4.3
Demographic Statistics of Respondents

| **Characteristics** | **Frequency** | **Percentage** | **Cumulative Percentage** |
|---|---|---|---|
| **Age Distribution** | | | |
| Below 25 | 15 | 3.8 | 3.8 |
| 26-35 | 166 | 42.6 | 46.4 |
| 36-45 | 160 | 41.0 | 87.4 |
| Above 45 | 49 | 12.6 | 100.0 |
| Total | 390 | 100.0 | |
| **Characteristics** | **Frequency** | **Percentage** | **Cumulative Percentage** |
| **Academic Qualification** | | | |
| Illiterate | 12 | 3.1 | 3.1 |
| Primary | 82 | 21.0 | 24.1 |
| Secondary | 217 | 55.6 | 79.7 |
| Tertiary | 79 | 20.3 | 100.0 |
| Total | 390 | 100.0 | |
| **Characteristics** | **Frequency** | **Percentage** | **Cumulative Percentage** |

| **Employment level** | | | |
|---|---|---|---|
| Employed | 40 | 10.3 | 10.3 |
| Unemployed | 59 | 15.1 | 25.4 |
| Self employed | 291 | 74.6 | 100.0 |
| Total | 390 | 100 | |
| **Years in Business** | **Frequency** | **Percentage** | **Cumulative Percentage** |
| 1-5 Years | 163 | 41.8 | 41.8 |
| 6-10 Years | 120 | 30.8 | 72.6 |
| 10 Years and above | 107 | 27.4 | 100.0 |
| Total | 390 | 100.0 | |
| **Type of Business** | **Frequency** | **Percentage** | **Cumulative Percentage** |
| Retail and wholesale Outlets | 73 | 18.7 | 18.7 |
| Grain and perishable goods sellers | 155 | 39.7 | 58.5 |
| Farming | 72 | 18.5 | 76.9 |
| Restaurant Business | 41 | 10.5 | 87.4 |
| Provision Sellers | 25 | 6.4 | 93.8 |
| Saloon Business | 24 | 6.2 | 100.0 |
| Total | 390 | 100.0 | |

Source: Field Survey 2017

Table 4.3 shows that most of the respondents of this study, were either between the ages of 26-35 and ages 36-45 which are 42.6% and 41.0% of the respondent respectively. 12.6% of the respondents were above 45 years of age, while the remaining 3.8% of the total respondents were below 25 years. This therefore implies thatmost of the respondents of this study fall between the average age bracket of adults who are believed to have the knowledge of what happens around them.

Table 4.3 shows the academic qualification distribution of sampled respondents. 3.1% are illiterate, 21.0% are primary school holders, 55.6% are secondary school holders, while 20.3% are tertiary institution holders. Most of the respondents of this study are secondary school holders. It can be inferred from this study that most of these women are educated they can read and write which makes their access to microfinance banks easy.

The table shows the employment level of respondents. 74.6% are self employed, 15.1% are unemployed while 10.3% are respondents that are employed. Most of the respondents of this study are involved in one form of business or another that is, they have something to do.

Table 4.3 shows the respondents years in business. 41.8% of the respondents have been in business for a period of 1-5 years, 30.8% have been in business for a period of 6-10 years while 27.4% of the respondents have been in business for a period of 10 years and above. This implies that majority of the respondents have survived in one form of business or the other.

Table 4.3 shows the types of businesses the respondents are into. Micro businesses can be classified into farming, service and trading. Majority of the respondents for this study are into grains and perishable goods with 39.7%. Others are retail and wholesale outlets with 18.7%, farming with 18.5%, restaurant business with 10.5%, Provision sellers with 6.4% and saloon business with 6. 2%.This implies that most of the respondents are involved in one form of trade or another which makes them victims of economic empowerment.

## 4.5 Descriptive Statistics for the Variables

This section provides descriptive statistics of the variables of the study, using mean and standard deviation.

Table 4.4
Descriptive Statistics of Variables

| Variables | Sample | Mean | Std Deviation |
|---|---|---|---|
| Microcredit | 390 | 4.238 | 0.514 |
| Micro-Savings | 390 | 4.282 | 0.475 |
| Financial Training | 390 | 4.227 | 0.495 |
| Advisory Service | 390 | 4.208 | 0.535 |
| Women Economic Empowerment | 390 | 4.101 | 0.541 |

Table 4.4 presents the descriptive statistics for microcredit, micro savings, financial training, advisory service and women economic empowerment. All constructs were measured using a five Point Likert scale. Table 4.4 showed a mean response of 4.24 on microcredit, having a standard deviation of 0.51. Micro savings has a mean response of 4.28 with standard deviation of 0.47. Financial training showed a mean response of 4.23 with a standard deviation of 0.49. Advisory service showed a mean response of 4.21 with a standard deviation of 0.54. Finally, women economic empowerment has a mean of 4.10 with a standard deviation of 0.54. However, table 4.4 showed that the mean difference among the microfinance services is statistically significant. Thus, it implies that on an average microcredit is more significant in comparison to micro-savings, financial training, and advisory service in empowering women economically. This also implies that the mean and standard deviation of the variables are close which signifies that it is fit for the study.

## 4.6 Measurement Model

Figure 4.1 and table 4.5 presents the measurement model of the study. In the table, loadings of items of individual construct are shown including composite reliability (CR) for internal consistency and Average Variance Extracted (AVE) for construct validity.

Figure 4.1
Measurement Model

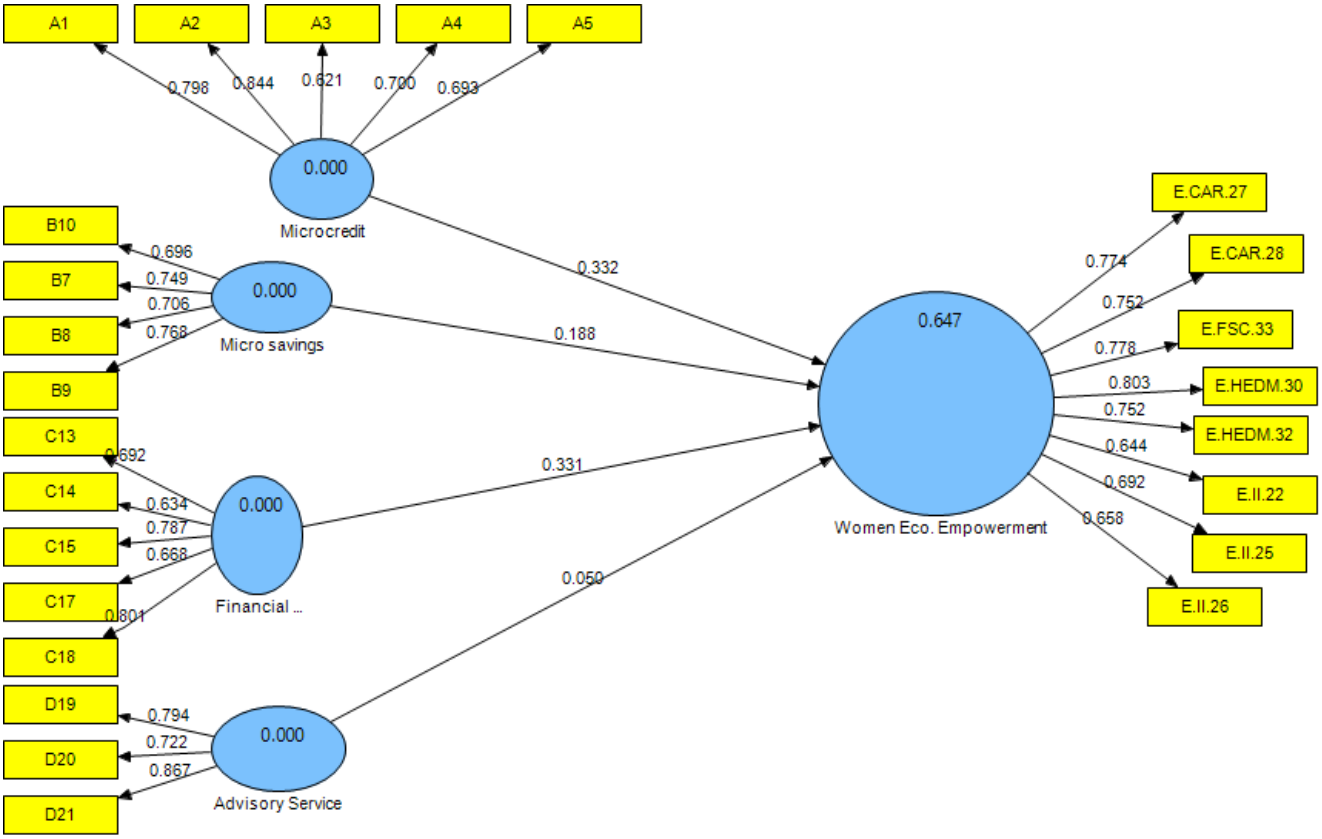



Table 4.5

Construct Reliability and Validity Test

| Construct | Items | Loadings | AVE | CR | CA |
|---|---|---|---|---|---|
| Microcredit | A1 | 0.798 | 0.541 | 0.854 | 0.785 |
| | A2 | 0.844 | | | |
| | A3 | 0.621 | | | |
| | A4 | 0.700 | | | |
| | A5 | 0.693 | | | |
| Micro savings | B7 | 0.696 | 0.533 | 0.820 | 0.712 |
| | B8 | 0.749 | | | |
| | B9 | 0.706 | | | |
| | B10 | 0.768 | | | |
| Financial Training | C13 | 0.692 | 0.518 | 0.842 | 0.763 |
| | C14 | 0.634 | | | |
| | C15 | 0.787 | | | |
| | C17 | 0.668 | | | |

| | | | | | |
|---|---|---|---|---|---|
| | C18 | 0.801 | | | |
| Advisory Service | D19 | 0.794 | 0.634 | 0.838 | 0.713 |
| | D20 | 0.722 | | | |
| | D21 | 0.867 | | | |
| Women Economic Empowerment | E.II.22 | 0.644 | 0.538 | 0.903 | 0.876 |
| | E.II.25 | 0.692 | | | |
| | E.II.26 | 0.658 | | | |
| | E.CAR.27 | 0.774 | | | |
| | ECAR.28 | 0.752 | | | |
| | E.HEDM.30 | 0.803 | | | |
| | E.HEDM.32 | 0.752 | | | |
| | E.FSC.33 | 0.778 | | | |

Note: AVE represents Average Variance Extracted; CR represents Composite Reliability; CA represents Cronbach's Alpha

On table 4.5, all construct have a Cronbach's Alpha coefficient above 0.7. A construct having a Cronbach's Alpha coefficient of less than 0.7 can be ignored, provided other construct in the model has a Cronbach's Alpha coefficient greater than 0.7 (Hair et al. 2014). All loadings are within the acceptable range of 0.50, the table further showed the composite reliabilities of the constructs and they are within the acceptable range 0f 0.70. The average variance extracted of the construct satisfied the recommended minimum value of 0.5 Thus, the constructs meets the convergent validity test.

Table 4.6

Discriminant validity

| **Construct** | **AS** | **FT** | **MS** | **MC** | **WEE** |
|---|---|---|---|---|---|
| Advisory service | **0.796** | | | | |
| Financial training | 0.649 | **0.719** | | | |
| Micro-savings | 0.711 | 0.685 | **0.730** | | |
| Microcredit | 0.601 | 0.718 | 0.729 | **0.736** | |
| Women economic empowerment | 0.597 | 0.710 | 0.693 | 0.731 | **0.733** |

Source: Field Survey 2017

Table 4.6 presented discriminant validity, the square roots of AVE are presented in bolded font on the diagonal. The study utilized the Fornell Larker criterion which states that the square root of AVE must be greater than the correlation with other variable in the study. It can be observed that the values are greater than the correlations among the construct, thus the criterion is satisfied.

## 4.7 Test of Hypotheses

It is important to carry out a bootstrapping analysis to determine the direct effect of the exogenous variables on the endogenous variable of the study. Bootstrapping was done by using 5000 subsamples using 390 Cases. Based on the result, figure 4.2 shows the result of the structural model of the relationships between the exogenous variables and the endogenous variable of the study.

Figure 4.2: Full structural model

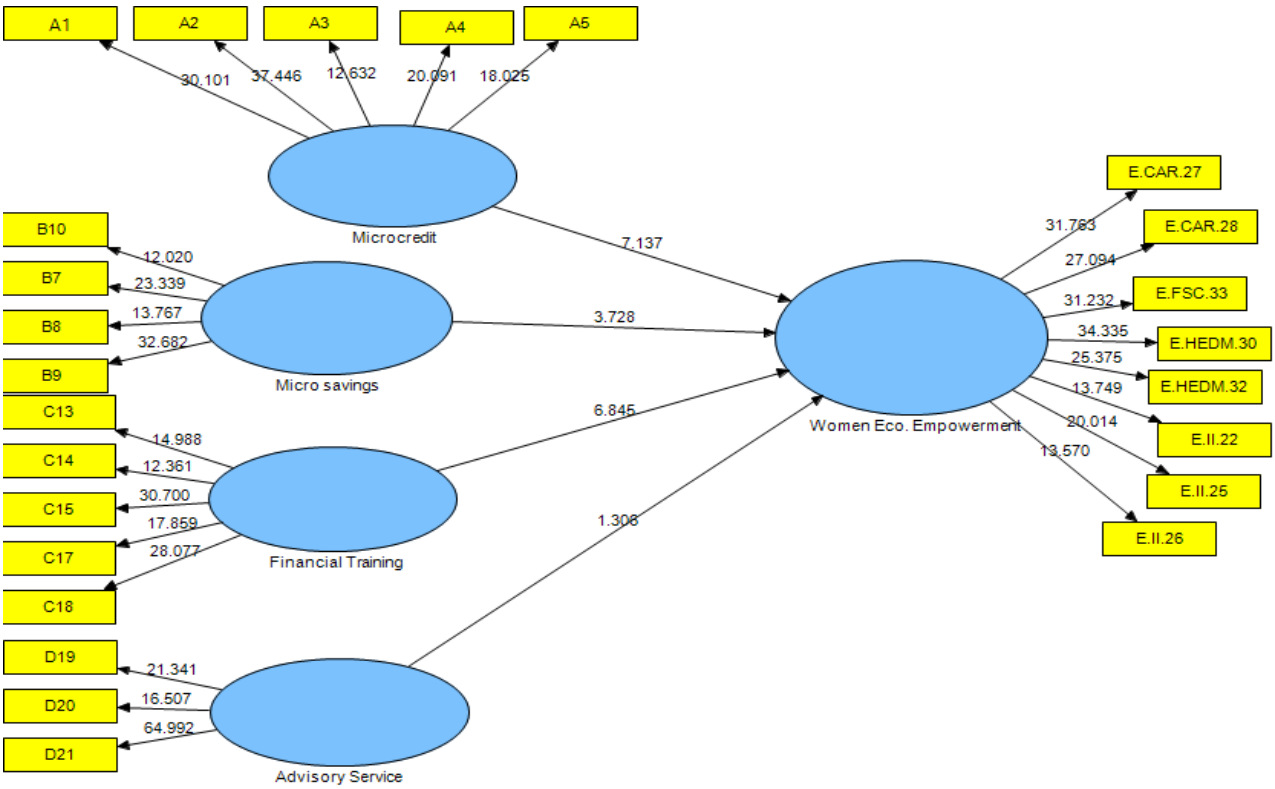



Table 4.7
Path Coefficient

| Hypotheses | Beta Value | Standard Deviation | T Value | P Value | Adjusted R2 | Decision |
|---|---|---|---|---|---|---|
| **MC does not have significant impact on WEE** | 0.332 | 0.046 | 7.137 | 0.000*** | 0.646 | $H_0$: Rejected |
| **MS does not have significant impact onWEE** | 0.188 | 0.050 | 3.728 | 0.000*** | | $H_0$: Rejected |
| **FT does not have significant impact on WEE** | 0.331 | 0.048 | 6.845 | 0.000*** | | $H_0$: Rejected |
| **AS does not have significant impact onWEE** | 0.050 | 0.038 | 1.306 | 0.190** | | $H_0$: Accepted |

***p<0.01, **p<0.5, *p<0.1

From Table 4.7, it can be seen that microcredit has an effect on women economic empowerment, significant at P <0.01. This means that a unit increase in customer's continuous access to credit, will lead to 33.2% increase in women economic empowerment. Similarly, micro savings has an effect on women economic empowerment, significant at P <0.01. This implies that a unit increase savings by women customers of microfinance will lead to 18.8% increase in their economic empowerment. Also, financial training has an effect on women economic empowerment, significant at P <0.01 which implies that a unit increase in financial literacy of women will lead to 33.1% increase in economic empowerment. Thus, advisory services has no significant effect on women economic empowerment at p<.05, this means that a unit increase in advisory services will lead to 0.5% increase in women economic empowerment. Finally, the adjusted R square as shown in the analysis is 64.6% meaning that 64.6% variance in women economic empowerment is accounted for by microcredit, micro savings and financial training. Thus, this explains that there exist a substantial relationship between microcredit, micro savings, financial training, advisory services and women economic empowerment.

Table 4.8

Effect size for the relationship

| **Construct** | **$f^2$** | **Effect Size** |
|---|---|---|
| Microcredit | 0.113 | Small |
| Micro savings | 0.031 | Small |
| Financial Training | 0.125 | Small |
| Advisory Service | 0.006 | NA |

NA represents not applicable

Table 4.8 shows the effect size of microcredit, micro savings, financial training and advisory service on women economic empowerment. As it is seen, microcredit, micro savings and

financial training which are the exogenous variables have a small effect size on women economic empowerment. Only advisory services has a non negligableeffect on women economic empowerment.

Table 4.9
Predictive relevance of exogenous variables

| **Construct** | **SSO** | **SSE** | **Q2 = 1- SSE/ SSO** |
|---|---|---|---|
| Women Economic Empowerment | 3,120.000 | 1,392.164 | 0.5538 |

Note: SSO represents Sum of Squared of Observed Omitted Values; SSE represents Sum of Squared Error

Table 4.9 presents the result of cross-validated redundancy of the direct relationships between microcredit, micro savings, financial training, advisory service and women economic empowerment. Q2 is greater than zero which showed the predictive relevance of the direct path model. According to Cohen's (1988) standard, the model has medium degree of predictive relevance with regard to the endogenous variable, women economic empowerment.

## 4.8 Discussion of Findings

Microcredit was discovered to have a significant positive effect on women economic empowerment in Jos South Local Government of Plateau State. This implies that an increase in women accessibility to credit will increase their income, contribute to assets and resources within the home, help in household and economic decision making and it will also lead to an increase in their financial savings. Access to credit further strengthens the relationship between microcredit and women economic empowerment. This finding is in line with that of previous researchers such as (Sultana &Hasan, 2010; Awojobi, 2014; Vishal, 2015; Idris&Agbim, 2015; Njogu, 2016; Wanjiku&Njiru, 2016; Josephat, Fulment&Matunga, 2017). Have observed the influence of

microfinance institutions on women economic empowerment, but is not in line with the findings of Ekpe, Mat and Razak(2010).

Micro-savings was discovered to have a positive and significant effect on women economic empowerment. It has enabled some women save regularly no matter how little the amount of money is which has enabled them to improve their lifestyle, it has increased their income as well as their assets and resources in the home, it has helped them in household economic decision making and has increased their financial savings and confidence. This finding is in line with previous studies (Kato &Kratzer, 2013; Omunjalu&Fondo, 2014; Kireti&Sakwa, 2014; Bernard, Kevin &Khin, 2017) who studied microfinance in relation to women economic empowerment but is not in line with the findings of Rashid, John, Consolatta and Stephen, 2015; Rathiranee, 2017.

Financial Training was also discovered to have a significant positive effect on women economic empowerment, access to financial training by women enhance financial literacy and numeracy in enabling these women increase their household financial savings as well as their income generation. This indicated that women who are financially educated made informed household economic decisions and enhanced their income generation capabilities which is key in economic empowerment, that is, the more the training, the more the benefits they accrued from them. This finding is in agreement with the findings ofIsidore, Razak and Mat, 2012; Omunjalu and Fondo, 2014; Gupta and Singhal, 2015; Wanjiku and Njiru, 2016; Sibghatullahand Saleem, 2016 but is not in line with the findings ofIfeakor,Anekwe and Nwanekezi, 2013; Nahamya, Ajanga, Nasinyama and Tumwine, 2013.

Advisory services was discovered to have a negative effect on women economic empowerment. This implies that most microfinance banks are not in a good position to offer advisory services. This finding is in line with the findings of Dikki, et al. 2014; Akpan and Nneji, 2015; Awuah and Addaney, 2016 but is not in line with the findings of (Babajide, Iyoha&Taiwo, 2012; Mutisya, Okibo&Olweny, 2014; Rashid, John, Consolatta& Stephen, 2015).

## 4.9 Implication of the Study

The study examined the effect of microfinance services on economic empowerment of women and has come up with results. There is no doubt that these results may have great implications to both body of knowledge and to the management and administrators.

### 4.9.1 Theoretical Implication

The contributions of the study include the use of a cross- sectional approach to examine microfinance services on economic empowerment of women, the use of different indicators of economic empowerment to measure empowerment. The study also by identifying services and different indicators contributing to economic empowerment had added to the body of knowledge. Little literature has been seen on financial and non-financial services of microfinance and economic empowerment of women. Thus, this study will uncover new area of research for researchers in relation to microfinance services and women economic empowerment in Nigeria. Further studies may include other microfinance service alternatives.

### 4.9.2 Managerial Implication

There are several practical implications that can be derived from the findings of this study. The study provided information on policy issues to regulators such as Microfinance banks, NGOs and the Government who are responsible for the formulation and implementation of policies regarding empowering women socially and economically. Microcredit, micro-savings and financial training are the microfinance services which have a significant positive impact on economic empowerment of women in Jos South LGA. Though the emphasis on microcredit is high in the attention given to facilitate micro-savings by MFBs which appear not to be very effective in Jos South hence this service aspect may be improved.The findings of the studyemphasize on capacity building for women entrepreneurs. Since micro credit, micro savings, and financial training is correlated with economic empowerment, it is very important to increase its awareness by applying the right strategies and policies towards alleviating poverty. On the basis of the findings, Microfinance institutions may formulate its policy towards empowering women socially and economically.

# CHAPTER FIVE

# SUMMARY, CONCLUSION, RECOMMENDATIONS AND SUGGESTIONS

## 5.1 Summary of Findings

The study formulated four hypotheses for testing and using Partial Least Square structural equation modellingthrough Smart PLS 2 software, this study tested the hypotheses using the data collected from a sample of 390 women drawn from the Microfinance Banks in Jos South LGA. The findings of this study revealed that microfinance services were very useful in empowering women economically. Evidence from the study reveals that:

Microcredit exerted a positive and significant effect on women economic empowerment in Jos south LGA during the period of study as ($\beta = .33$; $t = 7.14$; $p < .01$). This implies that an increase in access to microcredit will have 33% positive effect on women economic empowerment in Jos south.Micro-savings had a positive and significant effect on women economic empowerment in Jos south within the period of study, ($\beta = .18$; $t = 3.73$; $p < .01$). What this implies is that, a unit increase in savings by women customers of microfinance banks will lead to 18% increase in them empowered economically.

Financial Training had a positive and significant effect on women economic empowerment in Jos south within the period of study, ($\beta = .33$; $t = 6.84$; $p < .01$). This serves as evidence that an increase in financial literacy training will have 33% positive effect on women economic empowerment in Jos south within the period of study.

Advisory services had a negative and insignificant effect on women economic empowerment in Jos south within the period of study, ($\beta = .05$; $t = 1.30$; $p < .01$). This indicates that an increase in

advisory services will have 5% negative effect on women economic empowerment in Jos south within the period of study.The R-square value indicates that microcredit, micro-savings and financial training (microfinance services) collectively have effect on women economic empowerment up to 0.646 (64.4%).

## 5.2 Conclusion

The primary objective of this study is to examine the effect of microfinance services on women economic empowerment in Jos south LGA. The empirical findings supported 3 of the hypotheses and fail to accept one of the hypotheses. The findings of the study are consistent with a number of previous empirical studies conducted.

The contribution of women to the progress of every society cannot be put aside, a woman whether married, single, widowed or divorced would want to generate capital to create wealth to support her partner or to provide quality life for her household. When she is entrusted with an amount of money be it small or large, she is able to create wealth out of it.Economic empowerment of women gives them the ability to create their own businesses, better employment opportunities for increased income, it leads to household economic decision making and self confidence in terms of financial savings. It is a sustainable concept that requires use of financial skills to put into proper use and convert them into economic gain. When women control decisions regarding their savings, credit, they get financial training and advice on how to manage these resources, they will optimize their own welfare and that of their household.

The study based on the findings, concludes that, microcredit, micro saving and financial training have a significant effect on women economic empowerment while advisory services have a

negative effect on women economic empowerment. Microfinance has been found to have the potential of changing the lives of the poor for the better by enhancing their businesses. For women to be empowered economically, it is vital for the management of MFBs to channel effort on women who are engaged in one business or the other thereby not just giving them financial support. These women should also be taught on how to save, they should be trained in book keeping, accounts, fund management and other financial matters which are essential in making the members competent enough to deal with any volume of transaction.

### 5.3 Recommendations

In order to empower women economically and reduce poverty, microfinance banks should consider the following recommendation:

I. To comply effectively with the role of empowering women economically, MFBs should make microcredit more accessible to their women customers since it has a large effect on the start up of any business.

II. MFBs shouldeducate their customers on the need to save and the benefit of savings in terms of household emergency since it was seen in the study to have a positive effect on economic empowerment of women.

III. MFBs should involve more in training their customers financially especially the women in areas such as book keeping and accounting so as to have a sustaining economic welfare of these women.

IV. MFBs should aware their customers on the services they render since these services have been showed to have a positive effect on microfinance clients economically.

## 5.4 Suggestions for Further Study

This study could be replicated by covering a larger geographical area, so that generalization can be made. Further studies should consider the impact of microfinance services on economic empowerment of entrepreneurs which includes both men and women. Asimilar study could be carried out in other states since this study involved one LGA only. This will establish more factors that are affecting women economic empowerment in different LGAs of different setting. Demographic variables have important role in explaining women empowerment. Therefore, future research could consider role of demographic variables while explaining women economic empowerment. Economic empowerment cannot be reduced to a single aspect, hence various studies should be done on various aspect of economic empowerment

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## APPENDIX A Questionnaire Design

Gogwe Judith Dorkat

Department of Business Management

Ahmadu Bello University, Zaria.

Dear Respondent,

The above named researcher is currently carrying out a research tittled 'the effect of microfinance services on women economic empowerment'. She humbly request that you partake in her research by filling the questionnaire below by ticking the most suitable option. Please be informed that all information obtained through this questionnaire is to solve practical problems and thus, all responses would be kept confidential.

**Section A: Biodata**

1. Age Distribution. a. Below 25 ( ) b. 26-35 ( ) c. 36-45 ( ) d. Above 45 ( )
2. Academic Qualification.a. Illiterate ( ) b. Primary ( ) c. Secondary ( ) d. Tertiary ( )
3. Employment level. a. Employed ( ) b. Unemployed ( ) c. Self employed ( ) d. Tertiary ( )
4. Years in Business. a. 1-5years ( ) b. 6-10years ( ) c. 10years and above ( )
5. Type of Business ……..……..

**Section B: Research Questions**

**Key to options: Strongly disagree (SD); Disagree (D); Undecided (UD); Agree (A); Strongly Agree (SA)**

| A | Statements on microcredit (MC) | SD | D | UD | A | SA |
|---|---|---|---|---|---|---|
| **A.1** | Access to credit has increased my standard of living | | | | | |
| **A.2** | Access to credit has continuously improved my business venture | | | | | |
| **A.3** | Access to credit has influence on my financial abilities positively | | | | | |
| **A.4** | Access to credit has created more business opportunities for me | | | | | |
| **A.5** | Access to credit has increased my credit worthiness when borrowing | | | | | |

| B | **Statements on micro-savings (MS)** | **SD** | **D** | **UD** | **A** | **SA** |
|---|---|---|---|---|---|---|
| **B.1** | The amount of savings i have has enabled me to improve my lifestyle | | | | | |
| **B.2** | My savings has increased since i came to microfinance bank | | | | | |
| **B.3** | The higher my savings, the higher my chances of getting microcredit | | | | | |
| **B.4** | I save more than once in a month | | | | | |
| **C** | **Statements on Financial Training (FT)** | **SD** | **D** | **UD** | **A** | **SA** |
| **C.1** | Microfinance services has expanded my business knowledge | | | | | |
| **C.2** | I carefully consider if i can afford something before buying it | | | | | |
| **C.3** | I find it more satisfying to spend money than to save it for long term | | | | | |
| **C.4** | I am prepared to risk some of my own money when saving | | | | | |
| **C.5** | I set long term financial goals and strive to achieve them | | | | | |
| **D** | **Statements on Advisory Services (AS)** | | | | | |
| **D.1** | The advisory services given has helped to improve my business | | | | | |
| **D.2** | I was given some advisory services | | | | | |
| **D.3** | The advisory services i was given has a significant impact on my business | | | | | |
| **E** | **Statements on Women Economic Empowerment** | | | | | |
| **E.1** | **Increase in income** | | | | | |
| **E.1.i** | My livelihood skills has improved | | | | | |
| **E.1.ii** | I now have a significant increase in my income | | | | | |
| **E.1.iii** | I now have control over financial crises situation | | | | | |
| **F** | **Contribution to Assets and Resources (CAR)** | | | | | |
| **F.1.i** | I now own some assets | | | | | |
| **F.1.ii** | I now have greater access to financial resources | | | | | |
| **G** | **Household Economic Decision Making (HEDM)** | | | | | |
| **G.1.i** | I am involved in decision making related to improvement in my home | | | | | |
| **G.1.ii** | I am involved in decision making related to household expenses | | | | | |
| **H** | **Financial Savings and Confidence (FSC)** | | | | | |
| **H.1.i** | I feel confident financially | | | | | |

## APPENDIX B

**MICROFINANCE BANKS SAMPLEDIN JOS SOUTH LGA**

| S/NO | NAME OF BANK | NO OF WOMEN CUSTOMERS |
|---|---|---|
| 1 | Highland Microfinance Bank | 7,433 |
| 2 | Light Microfinance Bank | 4,202 |
| 3 | GracefieldMicrofinance Bank | 540 |
| | **TOTAL** | **12,175** |

## APPENDIX C

Outlier test

**Residuals Statistics[a]**

| | Minimum | Maximum | Mean | Std. Deviation | N |
|---|---|---|---|---|---|
| Predicted Value | 1.4288 | 4.7068 | 4.0200 | .59673 | 429 |
| Std. Predicted Value | -4.342 | 1.151 | .000 | 1.000 | 429 |
| Standard Error of Predicted Value | .017 | .114 | .032 | .018 | 429 |
| Adjusted Predicted Value | 1.4230 | 4.7095 | 4.0197 | .59699 | 429 |
| Residual | -2.37416 | .82052 | .00000 | .34010 | 429 |
| Std. Residual | -6.948 | 2.401 | .000 | .995 | 429 |
| Stud. Residual | -7.139 | 2.475 | .000 | 1.005 | 429 |
| Deleted Residual | -2.50637 | .87161 | .00031 | .34660 | 429 |
| Stud. Deleted Residual | -7.602 | 2.490 | -.002 | 1.019 | 429 |
| Mahal. Distance | .092 | 46.481 | 3.991 | 6.823 | 429 |
| Cook's Distance | .000 | .568 | .004 | .029 | 429 |
| Centered Leverage Value | .000 | .109 | .009 | .016 | 429 |

a. Dependent Variable: wee

## APPENDIX D

Table 3.1 Summary replaced missing values

**Result Variables**

| | Result Variable | N of Replaced Missing Values | Case Number of Non-Missing Values | | N of Valid Cases | Creating Function |
|---|---|---|---|---|---|---|
| | | | First | Last | | |
| 1 | MC1_1 | 2 | 1 | 429 | 429 | SMEAN(MC1) |
| 2 | MC2_1 | 1 | 1 | 429 | 429 | SMEAN(MC2) |
| 3 | MC3_1 | 1 | 1 | 429 | 429 | SMEAN(MC3) |
| 4 | MC4_1 | 0 | 1 | 429 | 429 | SMEAN(MC4) |
| 5 | MC5_1 | 0 | 1 | 429 | 429 | SMEAN(MC5) |
| 6 | MS1_1 | 0 | 1 | 429 | 429 | SMEAN(MS1) |
| 7 | MS2_1 | 4 | 1 | 429 | 429 | SMEAN(MS2) |
| 8 | MS3_1 | 5 | 1 | 429 | 429 | SMEAN(MS3) |
| 9 | MS4_1 | 0 | 1 | 429 | 429 | SMEAN(MS4) |
| 10 | FT1_1 | 4 | 1 | 429 | 429 | SMEAN(FT1) |
| 11 | FT2_1 | 3 | 1 | 429 | 429 | SMEAN(FT2) |
| 12 | FT3_1 | 0 | 1 | 429 | 429 | SMEAN(FT3) |
| 13 | FT4_1 | 1 | 1 | 429 | 429 | SMEAN(FT4) |
| 14 | FT5_1 | 2 | 1 | 429 | 429 | SMEAN(FT5) |
| 15 | AS1_1 | 3 | 1 | 429 | 429 | SMEAN(AS1) |
| 16 | AS2_1 | 0 | 1 | 429 | 429 | SMEAN(AS2) |
| 17 | AS3_1 | 0 | 1 | 429 | 429 | SMEAN(AS3) |
| 18 | WEE1_1 | 3 | 1 | 429 | 429 | SMEAN(WEE1) |
| 19 | WEE2_1 | 0 | 1 | 429 | 429 | SMEAN(WEE2) |
| 20 | WEE3_1 | 0 | 1 | 429 | 429 | SMEAN(WEE3) |
| 21 | WEE4_1 | 0 | 1 | 429 | 429 | SMEAN(WEE4) |
| 22 | WEE5_1 | 2 | 1 | 429 | 429 | SMEAN(WEE5) |
| 23 | WEE6_1 | 3 | 1 | 429 | 429 | SMEAN(WEE6) |
| 24 | WEE7_1 | 2 | 1 | 429 | 429 | SMEAN(WEE7) |
| 25 | WEE8_1 | 0 | 1 | 429 | 429 | SMEAN(WEE8) |

## APPENDIX F

# Construct Crossvalidated Communality

| Total | SSO | SSE | 1-SSE/SSO |
|---|---|---|---|
| **Advisory Service** | 1170.000000 | 427.917654 | 0.634258 |
| **Financial Training** | 1950.000000 | 940.502762 | 0.517691 |
| **Micro savings** | 1560.000000 | 728.095652 | 0.533272 |
| **Microcredit** | 1950.000000 | 894.561859 | 0.541250 |
| **Women Eco. Empowerment** | 3120.000000 | 1392.164257 | 0.553794 |

## APPENDIX G

Overview

| | AVE | Composite Reliability | R Square | Cronbachs Alpha |
|---|---|---|---|---|
| **Advisory Service** | 0.634123 | 0.837943 | | 0.713474 |
| **Financial Training** | 0.517639 | 0.841782 | | 0.763148 |
| **Micro savings** | 0.533271 | 0.820233 | | 0.712484 |
| **Microcredit** | 0.541172 | 0.853545 | | 0.785274 |
| **Women Eco. Empowerment** | 0.538434 | 0.902717 | 0.646974 | 0.876065 |

| | Communality | Redundancy |
|---|---|---|
| **Advisory Service** | 0.634123 | |
| **Financial Training** | 0.517639 | |
| **Micro savings** | 0.533271 | |
| **Microcredit** | 0.541172 | |
| **Women Eco. Empowerment** | 0.538434 | 0.030729 |

| | Original Sample (O) | Sample Mean (M) | Standard Deviation (STDEV) | Standard Error (STERR) |
|---|---|---|---|---|
| **Advisory Service -> Women Eco. Empowerment** | 0.050439 | 0.052269 | 0.038608 | 0.038608 |
| **Financial Training -> Women Eco. Empowerment** | 0.330605 | 0.330028 | 0.048298 | 0.048298 |