

## The Impact of Microfinance Factors on Women Empowerment in Nigeria

<sup>1</sup>Hauwa Daniyan-Bagudu, <sup>1</sup>Shazida Jan Mohd Khan and <sup>2</sup>Abdul-Hakim Roslan

<sup>1</sup>College of Business, School of Economics Finance and Banking,  
University Utara Malaysia (UUM), Kedah, Malaysia

<sup>2</sup>Othman Yeop Abdullah Graduate School of Business, University Utara Malaysia, Kedah, Malaysia

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**Abstract:** In examining the extent to which women owned a property in Niger State, Nigeria. The study used a sample of 357 women borrowers of microfinance banks and applied OLS and Logistic regression model. The result shows that credit and savings influence women access to ownership of property while factors such as age and family size significantly influence women to own a property. The study therefore recommends unbiased access to loan application and the beneficiaries are to be given long-term duration of loan remittance.

**Key words:** Microfinance, women, ownership, empowerment, unbiased

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### INTRODUCTION

The role of women in every society is essential for building a stronger economy. Rights of women to certain privileges enhance their economic well-being within and outside their homes. Women are termed as home managers with a wide range of responsibilities (Awe, 1990). In Nigeria, only few percentage of women are engaged in the civil sector while the larger percentage of women are subsistence entrepreneurs. Evidence from 1991 shows that only 32.3% of women are engaged in civil sector, it further decrease to 31.5 and 31.7% in 1992 and 1993, respectively. Their low participation of women in civil sector limits their access to certain ownership of property as well as freedom of movement for wider economic gains. With the wide growing poverty, lack of total control on assets by women has continue to pose a big challenge, leaving majority of women to be unprotected against access to credit facilities. According to GMR report, only one percent of world land is being owned by women. This situation varies by region with African women not having full rights to land but do negotiate as secondary claimants (Toulmin, 2009). Women access to other facilities (i.e., credits and savings) aside land has continued to be insignificant especially their access to formal bank credit, due to irregular income and limited information. Also, women are mostly untrained when it comes to property accumulation as majority of them do depend on inheritance. Another problem encounter by women is the ability to move around for business purposes. This is mostly common among the educated women as the tendency of freedom of movement privilege is high. Social

norms in terms of marital status of woman may likely limit their ability to do a business and owned a property because their movement is always curtailed by their husbands. Though evidence in Cameroon shows that women do have greater freedom to attend other meetings aside business (Mayoux, 2001). The essence of women engaging in business is to have access to tangible properties. A rights to own a property encourage many people especially women to invest their resources in any reputable business (Joireman, 2008). In Nigeria, experience has shown that local and national women are both taking stance against their right to ownership of property (Okeke, 2000). Women rights are limited in terms of owning a land and houses which eventually affect their nature and prospect of their subsistence business.

However, several studies have emphasized on different kind of ownership by women ranging from lands, poultry and farms (Mishra and Sam, 2016). Earlier opinion by Cain *et al.* (1979) indicates that due to powerful norms of women seclusion in society, women mostly from developing countries are found in informal sector and are mostly restrict from working outside their home. But if women have the legal right to property ownership, it will enhance their freedom in terms of business success (Roy and Tisdell, 2002). Many studies focus on land property, since it's one of the biggest assets that can be easily be acquired by women mostly through inheritance (Joireman, 2008; Roy, 2015). Study by Hussain consider woman participants in BRAC's microcredit programs, the study found that the more employment opportunities for women, the more likely they purchase large assets like cow and land. This made study of Hammer and

Klugman (2016) to find a strong relationship between ownership and control over land and housing in their Bangladesh and Ghana study but not in the case of Egypt. Quaye *et al.* (2016) concludes that access and control over land assets are one of the challenges being faced by women. Although, Katz and Chamorro Nicaragua study found women landowners to be in charge of home decision making than households where women do not own land. The Nigeria study by Ogwumike (2002) looks in to the role of culture and found that its play a major role in terms of their access to land as well as other productive resources.

Looking at other variables that influence women access to ownership of property, study by Osmani used asset ownership and found a negative effect on women loan accessibility while Haile *et al.* (2012) found microcredit and savings to aid women access to asset ownership. Sultana and Hasan finding shows that high savings leads to more access to property ownership especially those women in BRAC as it positively influences their empowerment status. Field *et al.* (2010) observed training to be positive and significantly influence women business investments among UCs only in India. Doss (2013) concludes that educational level of women affects their bargaining power of owning additional assets. Despite efforts by many studies on land ownership and empowerment of women, the nature of who actually owns and control the land has not been well identified while limited number of women were found to own a house without clarity of who actual control the resources. This study therefore examines the extent to which they are able to control the resources. The study is therefore divided into four section aside this introduction, section two entails the methodology used in this study, section three discusses the result and section four concludes the study.

**MATERIALS AND METHODS**

**Data:** The cross-sectional dataset used in this study comes from a pilot survey conducted in Edati and Mokwa, Local Government Area of Niger State. A total of 357 samples were obtained through written structural questionnaire was used were information regarding their personal and microfinance details was obtained. The study did not separate the information base on microfinance banks because of the uniqueness in their operation due to government frequent intervention. The sampling frame consists of women borrowers collected through availability sampling technique.

Women empowerment dimension emphasized in this study is the ownership of property status in terms of land as dependent variable. This is measured in a litter scale, respondents are required to answer 1 is for no ability, 2 for

very low, 3 for low, 4 signifies Moderate and 5 stands for full. For the logit model, those who choose 4 and 5 are accorded one and zero otherwise. Independent variables consist of Loan size (LSIZE) measured by the amount of loan benefited from micro-finance banks; Savings (SV) measured by the amount a respondent usually saved in a month; Training (TR) measured by the number of the trainings the respondents have received by the bank within a year. Other control variables are Age (AGE) measured by years; Education (EDU) measured by number of years spent schooling; family size is expressed in number of persons in the same household; Marital Status (MS) taking the value of one if married and zero otherwise; Annual Income (AI) defined as the total earnings of a respondent from their micro business during within a year (expressed in naira, 1US \$ = 189 naira); Area (AREA) taking the value of one if urban and zero otherwise. This study used ordinary regression model and logistic regression to estimate the impact of microfinance factors on ownership of property as employed by Khan and Noreen (2012). The model is specified as. For OLS regression:

$$OPW = \alpha_0 + \alpha_1 LS + \alpha_2 SV + \alpha_3 TR + \epsilon_1 \quad (1)$$

while the second model consist of other explanatory variables:

$$OPW = \alpha_0 + \alpha_1 AGE + \alpha_2 EDU + \alpha_3 FSIZE + \alpha_4 AI + \alpha_5 MS + \alpha_6 AREA + \epsilon_1 \quad (2)$$

For the logistic regression:

$$P_r(OPW_i = 1/0)_i = \alpha_0 + \alpha_1 LS + \alpha_2 SV + \alpha_3 TR + \epsilon_1 \quad (3)$$

while the second model consist of other explanatory variables

$$P_r(OPW_i = 1/0)_i = \alpha_0 + \alpha_1 AGE + \alpha_2 EDU + \alpha_3 FSIZE + \alpha_4 AI + \alpha_5 MS + \alpha_6 AREA + \epsilon_1 \quad (4)$$

Where:

- OPW = The mean score of ownership of property
- $P_r(OPW_i = 1/0)_i$  = Probability of owning a land
- LSIZE = The Loan size SV is the Savings
- TR = Represents Training
- AGE = Indicates age in years
- EDU = The year of schooling
- FSIZE = The family size in number
- MS = represents marital status
- AI = the annual income (in naira)
- AREA = Signifies rural and urban
- $\epsilon$  = The error term

Table 1: Regression result of ownership of property

Variables	1		2	
	OLS	p> t	Logit odds ratio	p> Z
Credit	4.6200 (1.8600)	0.014**	1.0000 (5.2000)	0.051*
Savings	0.0002 (0.0001)	0.004***	0.9999 (0.0002)	0.632
Training	-0.0231 (0.0202)	0.253	0.9549 (0.0539)	0.413
R <sup>2</sup>	0.0465	0.0008***		
Pseudo R <sup>2</sup>			0.0092	0.209
Link test				
Hat	-5.0741 (7.5690)	0.503	1.2944 (0.5555)	0.020**
Hat <sup>2</sup>	1.0160 (1.2654)	0.423	1.6430 (1.5506)	0.289
R <sup>2</sup>	0.0482	0.0002		
Pseudo R <sup>2</sup>			0.0115	0.059*
N	357		357	
Goodness of fit				
Pearson $\chi^2$	286.52	0.3041		

Standard errors are in parentheses, p-values: significance \*10%, \*\*5%, \*\*\*1%

**RESULTS AND DISCUSSION**

The result in Table 1 consist of two models in examining the impact of micro-finance factors on women ownership of property. Model 1 is the OLS result and model 2 is the logistic regression result. The amount of credit taken by members who are customers of microfinance banks has positive relationship with ownership of property and statistically significant at 5% and 10% for the two models, respectively. This indicates that having access to bank loan increases woman ability to own property by 4.62. In essence, MFBs through credit accessibility creates the opportunity for women to own a reasonable portion of assets even within home. This is line with the study by Haile *et al.* (2012). Similarly, savings rate is positively associated with ownership of property at 1% in the first model, indicating that an increase in savings will increase the ability to own property. This support the findings of Sultana and Hasan. However, the number experienced by women has no any significant relationship with their ownership of property given the two models. This is therefore not in accordance with the findings of Field *et al.* (2010). Given the value of the linktest and goodness of fit, we can conclude that the model is adequate and well specified given the explanatory powers of the independent variables.

The result in Table 2 includes other control variables and women empowerment dimension; variables such as individual characteristics were estimated in OLS (1) and Logistic regression (2). The result for model 1 shows a positive and statistical significant relationship between women’s age and ownership of property of women but not significant in the model 2. In general, this means an increase in woman age by one year will leads to increase in her ownership of property by 11 times and significate at 1%, this is because the majority of women falls within the active group and as their ages increases, they tend to

Table 2: Regression result for other control variables

Variables	3		4	
	OLS	p> t	Logit odds ratio	p> Z
Age	0.1122 (0.0037)	0.003***	0.9995 (0.0107)	0.962
Education	0.1172 (0.0918)	0.203	2.6328 (0.6957)	0.000***
Marital status	0.1820 (0.1111)	0.102	0.6265 (0.2020)	0.147
Family size	0.0008 (0.0079)	0.923	0.9563 (0.0217)	0.049**
Annual income	0.1618 0.1152	0.161	1.9836 (0.6639)	0.041**
Are	-0.0175 0.0857	0.838	0.8322 (0.2044)	0.454
N	357		357	
R <sup>2</sup>	0.0542	0.003***		
Pseudo R <sup>2</sup>			0.0623	0.000***
Link test				
Hat	-2.5403 (5.7702)	0.660	0.9747 (0.1941)	0.000***
Hat <sup>2</sup>	0.5931 (0.9660)	0.540	0.4002 (0.2925)	0.171
R <sup>2</sup>	0.0552	0.000***		
Pseudo R <sup>2</sup>			0.0662	0.000***
Goodness of fit				
Pearson $\chi^2$	286.52	0.3041		
N	357		357	

Standard errors are in parentheses, p-values: significance \*\*5%, \*\*\*1%

have more liberty towards economic decision in the house. This study is in line with the studies of Rahman and Reja (2015).

The result for educational level were found to be positive and significant at 1% level in model 2, indicating that additional qualification provides a means of owning more property as obtained by Doss (2013). Similarly, family size in model 2 has positive and significant relationship with ownership of property of women at 5%, suggesting that an increase in a family member enable a woman to strife for more assets, since women end up in taking care of the children. The coefficient for annul income is only significant in model 2 with the probability of increase in ownership of property by 1.98 once the annual income increases. On the other hand, variables such as marital status and area of residence is not significant in the two models. The post estimation test indicates that the explanatory powers are well specified.

**CONCLUSION**

In examining the role of women on the right to property ownership, a number of microeconomic factors were found to be significantly influence women access to property ownership. The study therefore concludes that accessing microcredit enhance women ownership of asset; most women were found of obtaining loan to buy land for farming purposes which made them to own a land rather than continues renting. Also, savings rate by women into microfinance equally determine their access to ownership. Women are found of increasing their saving rate as precondition for taking loan as well as providing them opportunity of owning other landed properties aside land. Other variables such as age, education level, marital status, family size and area of residence were found to

influence women access to ownership. The study recommends easy access to loan application and long-term duration of loan remittance by members. Also, proper awareness of the advantages of microfinance banks needs to be well defined to both members and non-members as their operation differs from that of conventional banks.

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