MICROFINANCE, POVERTY AND EMPLOYMENT GENDER GAP: AN ANALYSIS FROM THE NIGERIAN PERSPECTIVE

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Abstract

The objectives of this study are to examine the effects of microfinance and poverty on employment gender gap in Nigeria between 1992 and 2011 and also determine whether microfinance has helped to reduce poverty and improve the standard of living of customers. Both secondary and primary data were collected and analysed using a combination of descriptive and econometric analytic techniques. Analysis of secondary data revealed that the severity of poverty is evident in Nigeria. Between 2003 and 2011 employment gender gap was narrower compared with 1990-2002. It is most likely that the advent of democratic dispensation which coincided with improvement in macroeconomic conditions and women employment contributed to this. The Granger causality test showed that there exists unidirectional causality from employment gender gap to microfinance, that is, changes in employment gender gap influence microfinance. There is also unidirectional causality from poverty rate to employment gender gap and from microfinance to economic growth. This indicates that changes in poverty rate influence employment gender gap and changes in microcredit influence economic growth. Regression results showed that an increase in the incidence of poverty leads to an increase in employment gender gap. Increasing access to microcredit/finance has significant influence on the employment gender gap. Evidence from survey data revealed that low-income earners have derived the least benefits from microfinance banks' operations in the Nigerian economy. There is therefore, the need for the government to be more proactive and make conscious efforts to use microfinance as an effective policy instrument to eliminate feminization of poverty and narrow employment gender gap with a view to promoting inclusive growth and development in Nigeria.

Keywords: Microfinance, Poverty, Gender, Gender Employment Gap

JEL Codes: G21, I32

1. Introduction

One of the major challenges facing Nigeria today, as in most developing countries is the eradication of poverty. The situation is not one of low-end poverty but of mass poverty with a high level of social, political, economic and psychological consequences that cannot be ignored. Data from Nigeria's National Bureau of Statistics buttressed the growing incidence and depth of poverty. Based on $1.25 a day, the incidence of poverty has increased from about 15 percent of the country's population in 1960 to 69 percent in 2010 (NBS, 2010). This, according to World Bank (1996) presents a paradox. The country is rich but the people are poor. The huge human and natural resources that the country is endowed with have not translated into sustainable development and wealth for its citizens.

A significant proportion of the poor Nigerians are women due largely to factors which are exogenous to them. Most Nigerian women are faced with cultural, legal, economic and education constraints among others which hinder their effective participation in mainstream economic activities. Thus, difficulty in accessing funds provided by the conventional banking system and productive employment opportunities, and the consequential income disparity are assumed to be among the salient reasons bringing about mass poverty among women.

Debates on the strategies for tackling poverty and unemployment in developing countries emphasize the role of microfinance as a viable instrument of poverty reduction and economic empowerment of women. Microfinance is considered to be one of the key strategies to achieve the Millennium Development Goals. The assumption is that if one gives more microfinance to poor people, poverty will be reduced (World Savings Bank Institute 2010). In Nigeria, in order to address poverty and chronic unemployment, Nigeria has been exploring various policy approaches, including microfinance. However, despite the microfinance activities of the vast number of licensed microfinance institutions, feminization of poverty and gender inequality in employment are both still clearly evident.

Against the foregoing background, this study seeks to examine the effects of microfinance and poverty on employment gender gap in Nigeria between 1992 and 2011 and also determine whether microfinance has helped to reduce poverty and improve the standard of living of customers. The study employs both descriptive and econometric analytic techniques. It is expected that the results of the study would assist all stakeholders in the Nigerian economy in making decisions on how to apply microfinance as a policy measure to eliminate poverty and unemployment among women with a view to promoting inclusive growth and development in Nigeria. The rest of the paper is structured as follows. Section two presents the theoretical and literature review. Section three appraises microfinance and other poverty reduction strategies from a gender perspective. Section four presents the methodology and discusses the findings while section five concludes the paper with policy recommendations.

2. Literature Review

2.1 Conceptual and Theoretical Review

An understanding of the role of microfinance in reducing unemployment and eradicating poverty must grapple with how to conceptualise poverty, employment and microfinance. In reality, there is no universally acceptable definition of poverty because of its multidimensional nature. Poverty has often been defined by economists as a situation of low income or low consumption. This has been used for constructing poverty lines - values of income or consumption necessary to purchase the minimum standard of nutrition and other necessities of life. Accordingly, people are counted poor when their measured standard of living in terms of income or consumption is below the poverty line (Obadan, 1997). However, poverty has both income and non-income dimensions, usually intertwined. Hence, (World Bank, 2001) defines poverty as a situation of low income, low education, vulnerability in terms of health, income, education, natural disaster, crime and violence, voicelessness and powerlessness i.e. lacking income earning abilities and mistreatment by state institutions. Based on basic needs, poverty is classified as absolute and relative poverty. Absolute Poverty refers to the lack of the minimum physical requirements of a person or a household for existence and is so extreme that those affected are no longer in a position to lead a "life worthy of human dignity". On the other hand, relative poverty refers to a person or household whose provision with goods is lower than that of other persons or households. It does not necessarily mean that the persons concerned cannot lead a life that is worthy of human dignity. It merely states that because of the distribution structures in a society, certain economic subjects are disadvantages to an unacceptable extent (Anyanwu, 1997). Poverty has also been explained along the five dimensions of deprivation. These are: (i) personal of physical deprivation (deprivation in terms of education, health, lack of self confidence etc); (ii) economic deprivation (lack of access to productive resources; social deprivation (seen in terms of hindrances to full participation in social, political and economic life); cultural deprivation (deprivation in the terms of beliefs, values, attitudes); political deprivation (has to do with lack of political voice). For a detailed discussion of the concept of poverty, see (Aku et al, 1997, NES, 1997). This study posits that causes of poverty in Nigeria can easily be explained along the line of the above-mentioned dimensions of deprivation. It opts for a definition which equates poverty with low income and inability to meet the basic things of life.

One of the macroeconomic objectives of any society is to achieve full employment. Thus, the basic goal of increasing employment is crucial to developing economies where unemployment and underemployment are regarded as major causes of poverty (Sodipe and Ogunrinola, 2011). Both the definitions of employment and unemployment appear not to present a less difficult task in literature. The World Bank (2012) relying on International Labour Organization report observes that often employment captures the exact participant in the labour force while unemployment is defined as the share of the labour force that is without work but available and seeking employment. The unemployed are considered as those who are either out of work, want a job, have actively sought work in the last four weeks and are available to start work in the next two weeks or are out of work, have found a job, and are waiting to start it in the next two weeks. In theoretical literature, unemployment is examined from various dimensions. These are frictional unemployment, seasonal unemployment, cyclical unemployment, structural unemployment, residual unemployment. Frictional Unemployment is the type that exists when there is lack of adjustment between demand for and supply of labour. This may be due to lack of knowledge on the part of employers about the availability of workers or on the part of workers that employment is available at a particular place. It is also caused by lack of skills for a particular job labour mobility, breakdown of machinery, shortages of raw materials. Seasonal Unemployment arises due to seasonal fluctuations in demand. Cyclical unemployment results from cyclical fluctuations in the economy occasioned by alternating periods of booms and depression and can also be generated by international forces. Structural unemployment results from a variety of causes, changes in the economic structure of the society. Residual unemployment captures those that are out of work due to physical or disabilities.

The conceptualisations of microfinance have been reviewed by several studies. Microfinance as a concept has been used interchangeably with microcredit. One might understand microcredit as the provision of loans to the poor for the establishment of income-generating projects (Elahi and Rahman, 2006). Commonwealth Secretariat (2001) defined microcredit as making small loans available directly to small-scale entrepreneurs to enable them either to establish or to expand micro-enterprises and small business. The group of entrepreneurs targeted are those that that would otherwise not qualify for loans from formal institutions. This includes the majority of those living below the poverty line. On the other hand, the term, microfinance, which gained wide popularity as a result of the pioneering work of Dr Mohammed Yunus in Bangladesh is defined as formal scheme designed to improve the well being of poor through better access to saving and services loans (Schreiner, 2000).The Central Bank of Nigeria refers to microfinance services as loans, deposits, insurance, fund transfer and other ancillary non-financial products targeted at low-income clients. The following three features distinguishing microfinance services from other formal financial products are: (i) smallness of loans and savings, (ii) absence or reduced emphasis on collateral, and (iii) simplicity of operations. Robinson, Marguerite (2001) cited in Ali and Alam (2010) defined microfinance as small-scale financial services primarily credit and savings provided to people who farm or fish or herd; who operate small enterprises or micro enterprises where goods are produced, recycled, repaired, or sold; who provide services; who work for wages or commissions; who gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and groups at the local levels of developing countries, both rural and urban.

The question of what roles a microfinance institution can play in enhancing sustainable development has been the subject of a substantial amount of theorizing and empirical research over the last two decades. This has produced a general consensus on the relevance of enhancing development and promotion of microfinance as an anti- poverty tool in the developing countries. Such emphasis has been deeply rooted upon the crucial and indispensable role that financial institutions can play in economic life. Historically, economists have focused on banking activities. Schumpeter (1934) stressed the critical importance of the banking system in economic growth. He argued that, the services provided by the banking system are essential for technological innovation and economic development and highlights situations when banks can actively encourage innovation and future economic growth by actively identifying and funding productive investment. Long before this, however, the Harrod - Domar growth model had implicitly postulated a nexus between capital stock K (finance) and national income (development). The model postulates that change in national income ΔY depends linearly on change in capital stock ΔK. Investment or change in capital stock is financed out of domestic savings S in the closed economy version of the model, i.e. $\Delta K = S$**.** But domestic savings S depend on national income Y, i.e. $S = sY$ when S is the saving ratio of income. The model of national income growth is thus given as follows:

$$\Delta Y = b\,\Delta K \tag{1}$$

$$\Delta K = S = sY \tag{2}$$

Substituting (2) in (1), we

$$\Delta Y / Y = Sb \tag{3}$$

This implies that equilibrium economic growth is determined by the product of savings ratio **s** and annual investment returns or the ratio of change in income to change in capital in capital stock $b = \Delta Y / \Delta K$. In summary, economic growth will proceed at the rate at which the society can mobilize domestic savings resources coupled with the productivity of investment. It is noteworthy that there remains, however controversy over the causal relationship between real economic growth and development in the real sector.

Patrick's (1966) hypothesis suggests a two-way causality between financial development and growth. The first is the 'demand-following' growth approach. Financial development is envisaged to take place as a consequence of positive developments in the real sector. This, by implication means that it is economic growth that fosters the growth of financial institutions as they grow and expand to cope with increasing volume of economic activities. The second is the 'supply-leading' financial development, this precedes the demand for financial services and its role is to transfer resources blocked in the traditional sector to the modern sector or real sector which is viewed as the engine for growth.

Another important dimension in the financial development - economic growth nexus is the micro approach - focusing on the importance of microfinance institutions in augmenting economic development. The importance of microfinance as a tool for development in developing countries has increasingly received attention from policy makers and development practitioners since the pioneering works of Mckinnon on “Money and Capital in Economic Development in 1973 and Shaw on “Financial Deepening in Economic Development in 1973. There is an overall acknowledgement in the literature that financially sustainable microfinance institutions with high outreach have a greater likelihood of a positive impact on poverty alleviation because they guarantee sustainable access to credit by the poor.

2.2. Explaining the Causal Chain from Microfinance to Poverty Alleviation and Employment Generation

Various channels through which microfinance influences poverty and employment have been identified in the literature. The discussion here relies heavily on the study by Stewart et al. (2010). These channels are described in figures 1 and 2. Relying on the traditional views which posit that that micro-credit and microsavings allow the poor to invest their money in the future, increase their incomes and consequently ‘lift themselves out of poverty’, Stewart et. al. developed a more complex transmission channels through which micro-credit and microsavings affect clients. From the schematic diagram, both micro-credit and micro-savings interventions aim to enable clients to spend their money differently. When given to groups, and to women, there is a hope that these interventions will increase social cohesion and also empower women. The ways in which people spend their money are divided into two. ‘They invest in the future and they also have higher consumptive spending. Their investments can include spending on business or other productive assets such as land, or they can involve investing in education, health, nutrition or housing.

Figure 1: A simple causal chain from micro-credit and micro-savings to poverty alleviation

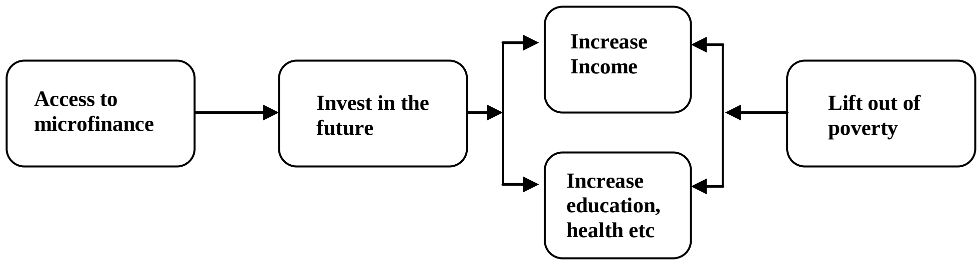
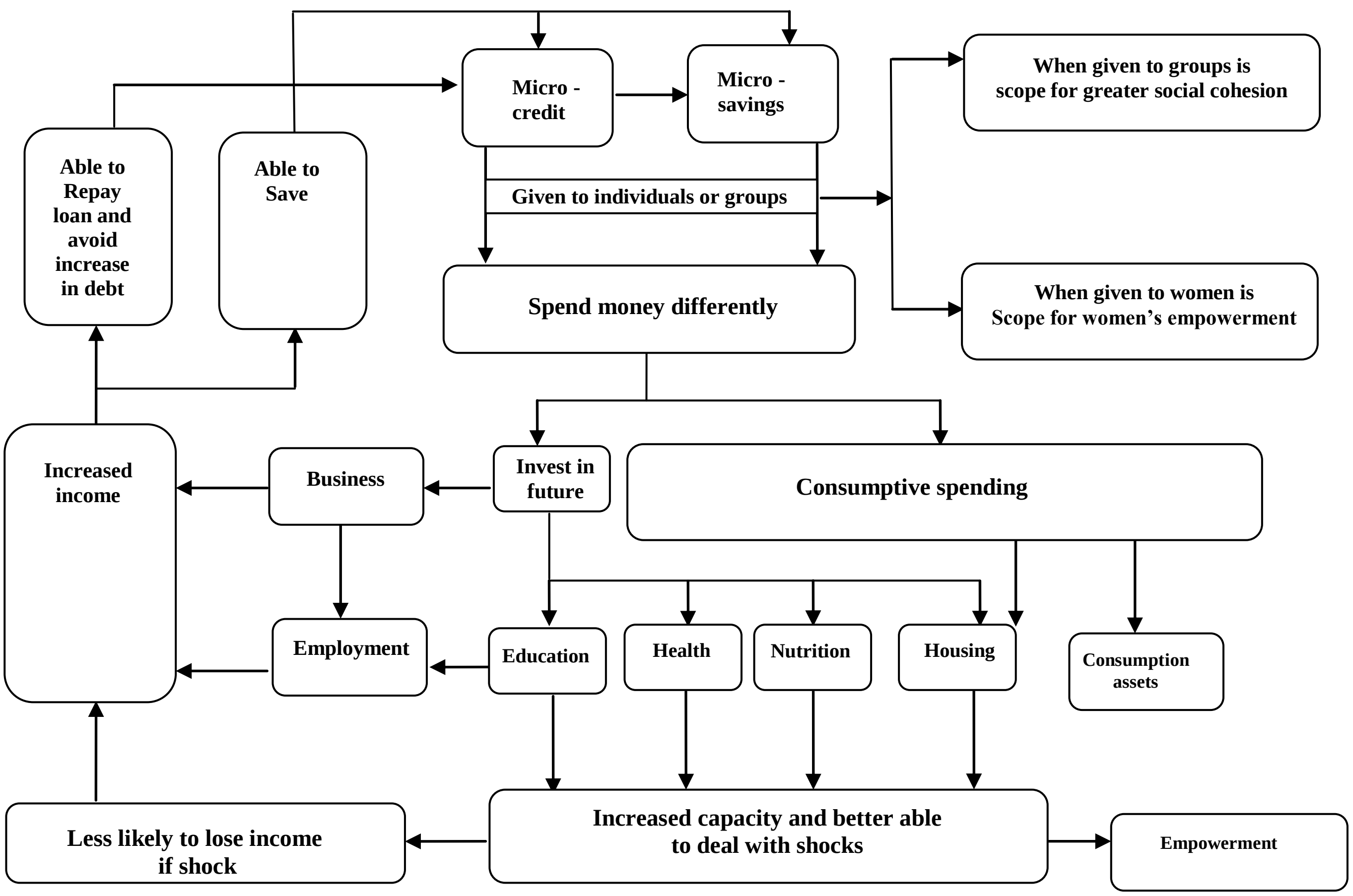


Figure 2: A complex casual chain for how micro-credit and micro-savings impacts on poor people



Consumptive spending can also include spending on nutrition, housing or other assets. These investments have direct impacts on clients' capabilities, their scope to deal with shocks and their ability to earn. Greater business and productive assets, greater training or education, and less risk of adverse events, can all contribute to increased income. For microsavings clients, this increased income can enable them to spend more and to spend in different ways, and of course to save more. Crucially, for micro-credit clients, this increased income is necessary for them to repay their original loans, and the often extremely high interest on those loans. It is noteworthy that micro-credit clients are able to save more and to spend more and spend differently, once those loans are repaid (Stewart et. al., 2010).

Given the above, a number of theoretical expositions and studies have been carried out to provide quantitative evidence on the transmission channels through which microfinance impact on poverty and employment.

2.3. Survey of Empirical Literature

Generally, studies on the impact of microfinance on the poor revealed controversial and inconclusive findings. Makina and Malobola (2004) cited by Stewart et al. (2010:14) provided evidence to corroborate this in a systematic review of evidence from Sub-Saharan Africa and categorised the findings into three. They are briefly summarized. The first set of studies lend credence to the beneficial impacts of microfinance on socio-economic outcomes, such as income stability and growth, reduced income inequality, reduced vulnerability, employment, nutrition and health improvements, school attendance, strengthened social networks, and women's empowerment (Afrane 2002; Barnes and Keogh 1999; Hossain and Knight 2008; Khandker 2001; UNICEF 1997; Wright 2000 among others). The second group of studies confirmed the negative impact of microfinance on the poor which is reflected in areas such as the exploitation of women, unchanged poverty levels, increased income inequality, increased workloads, high interest rates and loan repayment, creating dependencies, and creating barriers to sustainable local economic and social development (e.g. Adams and Von Pischke 1992; Bateman and Chang 2009; Buckley 1997; Copestake 2002; among others). The third group of studies show mixed impacts. For instance, benefits for the poor but not for the poorest (e.g. Copestake et al. 2001; Hulme and Mosley 1996; among others); or helping the poor to better manage the money they have (Rutherford 1996:2) but not directly or sufficiently increasing income, empowering women, etc. (e.g. Husain et al. 2010; Mayoux 1999; Rahman 1998). Karnani (2007) argues that money spent on microfinances could be better used for other interventions, like supporting large labour-intensive industries for job creation. Lipton (1996), however, argues that a single intervention (like microfinance) is much less effective as an anti-poverty resource than simultaneous efforts that combine microfinance, health, education, etc.

A critical look of studies which examined the relationship between microcredit or microfinance and poverty/ employment also showed evidence of data limitations and methodological problems. This is underscored by Stewart et al (2010) in the technical report that carried out a systematic review of empirical studies on the impact of microfinance, particularly micro-credit and micro-savings, on the incomes, wider poverty/wealth and other financial outcomes poor people in Sub-Saharan African countries. A synthesis of the evidences on the effectiveness of microfinance on the poor in the studies reviewed showed that microfinance, 'whilst it has modest but not uniform positive impacts, is not always a golden bullet, but indeed can cause harm.' Evidences from also reveal 'a worrying trend: that the benefits of micro-credit appear to diminish, and even become negative, the longer clients are enrolled in a programme. This shows how micro-credit can lead people into cycles of debt. Both our analysis of the evidence of effectiveness and the causal pathway demonstrate that if micro-credit fails to increase clients' incomes, people are forced to borrow more. Such ‘demand’ for credit attracts more providers, with the number of MFIs likely to increase. This suggests that the proliferation of MFIs may therefore rather be a symptom of the failure of micro-credit, and not an indication of its success.’ They argued against the rhetoric which suggests that microfinance has the potential, not only to alleviate poverty, but also to prevent the vulnerable from falling into poverty because it raises the expectations of microfinance as a transformational tool, which could not be confirmed in the findings of the studies reviewed. Rather, the evidence suggests that the strength of micro-credit lies in its ability to support those with entrepreneurial skills to grow SMEs that might contribute to job creation, production and economic growth (Stewart, 2010: 47-48).

In Nigeria, a number of studies have been carried out on the nexus between microfinance activities and the poverty reduction and employment creation. Ihugba et al (2013) examines the impact of microfinance banks on poverty reduction in Imo state, Nigeria using a stratified sampling method in the selection of customers. The study found out that high income class has more capacity to save than poor dwelling in rural areas and concluded that the impact of microfinance on poverty reduction remains in doubt in spite of the innovative management and business strategies put in place. Abiola and Salami (2011) examine the impact of microfinance bank on standard of living, asset acquisition and savings of hairdressers in Oyo state. Data were gathered using questionnaire and hypothesis tested using Chi-square technique. The study found that there is a significant relationship between microfinance efforts and standard of living of hairdressers in the study location.

Iruo and Onyeneke (2012) investigate the effect of microfinance on small-scale poultry production in Imo state, Nigeria using purposive and random sampling techniques. The study found out that male respondents recorded higher poultry production than their female counterparts. This was attributed to the fact that they cover much distance in acquiring other inputs than their female counterparts which the business requires. It also observed that there is a significant positive relationship between volume of loans obtained from microfinance banks and poultry production, thus, indicating microcredit enhances poultry production in the region. Ebimobowei et al (2012) examine the relationship between microfinance and poverty reduction among women in small scale business in Bayelsa state, Nigeria using a purposive sampling technique. It was revealed that there is a significant relationship between microfinance and poverty reduction.

From the foregoing, it appears that evidences on the effects of microfinance on poverty and employment generation are inconclusive. However, there is an overall acknowledgement in the literature that financially sustainable micro financing institutions with high outreach have a greater likelihood of a positive impact on poverty alleviation because they guarantee sustainable access to credit by the poor. Empirical evidences emerging from studies in Nigeria appear to be inconclusive devoid of in depth analysis of the effect of microfinance activities on poverty reduction and employment within the context of gender. Consequently, the question of whether microfinance facilitates poverty reduction and narrows the employment gender gap or not is still worthy of further investigation, and this is the motivation for this study. It must be noted that, more country specific studies on gender disaggregated analysis showing how microfinance influences poverty, employment and specific development outcomes still need to be done.

3.0 Research Methodology

3.1 Data Set and Methodology

This study employs a mixed method of investigation. In an attempt to address the first objective which is, to examine the effects of microfinance and poverty on gender employment gap in Nigeria, the study draws from secondary data obtained from various sources: the Central Bank of Nigeria (CBN) and the National Bureau of Statistics (NBS), the

World Bank, World Development Indicators, General Household Survey Report, United Nations Development Programme. The study employs both descriptive and econometric analytic techniques to specifically examine the nature and magnitude of gender dimensions of poverty and unemployment in Nigeria and seeks to establish whether microfinance help reduce the extent of gender inequality in employment and eradicate poverty. The scope of the study covers the period between 1992 and 2011. For descriptive analysis, the study assesses the changes in the following indicators:

- Unemployment rates by gender
- Labour force participation rate, female (% of female population ages 15-64);
- labour force participation rate, male (% of male population ages 15-64);
- the ratio of female to male labour force participation rate;
- the female employment to population ratio, 15+ (%)
- the male employment to population ratio, 15+ (%)
- the employment gender gap, defined as the difference between male employment to population ratio and female employment to population ratio;
- poverty headcount ratio;
- credit provided by microfinance institutions.

Drawing from the literature, a general model showing the relationship between microfinance, poverty and employment gender gap is developed. This is shown in equation (1) below:

$$GEMP = f\,(MCF, POV, GRGDP) \qquad (1)$$

Where;

GEMP is the employment gender gap, MCF is the credit made available by the microfinance institutions, POV is the incidence of poverty, proxied by poverty headcount ratio and GRGDP refers to the growth rate of the Nigerian economy. Assuming a linear relationship between the dependent and the independent variables, equation (1) can be written as follows:

$$GEMP_t = \alpha_0 + \alpha_1 MCF_t + \alpha_2 POV_t + \alpha_3 GRGDP_t + U \qquad (2)$$

where MCF is the variable in log form while others are at their respective levels. From the discussion in the previous section, the a priori expectations are: $\alpha_{1>0}$, $\alpha_{2<0}$, $\alpha_{3>0}$.

A positive sign is expected from the coefficients of microfinance credits and growth rate of the economy while the coefficient sign on poverty should be negative. The estimation of the model was performed using econometric techniques.

On intuitive ground, in order to address the second objective of the study which is to determine whether microfinance has helped to reduce poverty and improve the standard of living of customers; an attempt is made to report the findings drawn from the data collected from the field survey conducted in October, 2014 among the microfinance banks customers and these were reported using tables, frequency counts and cross-tabulations to draw inferences. Questionnaire was administered in this survey in Lagos metropolis, Nigeria. The questionnaire is designed for micro-entrepreneurs patronizing microfinance banks. Customers both male and female provide information on the lending activities of microfinance banks to micro and small scale business customers of the banks.

4.2. Results and Discussion of Findings

4.2.1 Analysing microfinance activities, poverty and employment/unemployment trends

Poverty still remains a real major threat in Nigeria today despite the numerous poverty alleviation and employment generation strategies put in place by successive Nigerian governments to impact positively on both poor men and women. Table 1 presents the salient multi-sectoral poverty alleviation and employment generation programmes in Nigeria between 1986 and 2012. The Directorate of Food, Roads and Rural Infrastructure, was created in 1986 to tackle the issue of poverty in the context of rural infrastructure development. The National Directorate of Employment (NDE) which consists of four main programmes: the Vocational Skills Development Programme, the Special Public Works Programme, the Small Scale Enterprises Programme, and the Agriculture Employment Programme were launched in 1987, for the purpose of creating employment opportunities in the form of self employment and self-reliance towards poverty reduction.

The Better Life Programme, which supported a multitude of programmes, targeted at women, including agriculture and extension services, education and vocational training, cottage industries and food processing, primary health care delivery and enlightenment/awareness and cooperatives was established in 1987. Its main purpose was to harness the potentials of the rural women to boost their economic activities, enhance their income and arrest rural urban drift. It was created to encourage women to use their potentials for better living. The Family Economic Advancement Programme (FEAP) was also launched in 1987 to provide a science-based and agriculture-led sustained output from the rural economy and the informal sector through small holder schemes or small and medium scale enterprises.

Table 1: Key Employment and Poverty Alleviation Strategies in Nigeria

- Directorate of Food, Roads and Rural Infrastructure;
- National Directorate of Employment (NDE);
- Better Life Programme;
- Family Economic Advancement Programme;
- People’s Bank of Nigeria;
- Community Banking Scheme;
- Community Action Programme for Poverty Alleviation,
- Universal Basic Education,
- Poverty Alleviation Programme

- National Poverty Eradication Programme (NAPEP)
- National Economic Empowerment and Development Strategy
- Microfinance Banking Schemes

Following the positive development outcomes in Bangladesh resulting from Grameen Bank's activities, quite a number of microfinance institutions sprung up in Nigeria especially in the eighties which have been engaging in administering small loans. Prominent among these are; The People's Bank of Nigeria was established in 1989 to provide loans to low income persons and those in the informal sector throughout the country in order to ensure adequate mobilization of financial resources in the rural areas. The Community Banking Scheme was created in 1990 to ensure widespread and adequate delivery of banking services to the rural areas.

In 1997, the Community Action Programme for Poverty Alleviation (CAPPA) was formed by government to alleviate poverty. The programme was aimed at improving the living conditions of the poor through a targeted, cost effective, demand-driven and promptly delivered programme; enhancing productivity of the poor through skills improvement and improving nutritional status of the poor through improved household, food security and health practices. Several other ambitious programmes and projects were adopted during and after the SAP period.

Since the advent of democratic governance in 1999, poverty alleviation efforts have been re-invigorated. Successive governments have introduced several measures such as the launching of the Universal Basic Education (UBE) Programme, and the Poverty Alleviation Programme (PAP). These culminated in the introduction of the National Poverty Eradication Programme (NAPEP). The Poverty Alleviation Programme (PAP) was introduced in 2000 to address the problems of rising unemployment and crime wave, particularly among youths. In

2001, the National Poverty Eradication Programme (NAPEP) was introduced with the sole aim of providing strategies for the eradication of absolute poverty in Nigeria (FRN, 2001:3). NAPEP is complemented by the National Poverty Eradication Council (NAPEC) which is to coordinate the poverty-reduction related activities of all the relevant Ministries, parastatals and agencies. The poverty reduction-related activities of the relevant institutions under NAPEP were classified into four, namely: Youth Empowerment Scheme (YES); Rural Infrastructure Development Scheme (RIDS); Social Welfare Service (SOWESS); and Natural Resource Development and Conservation Scheme (NRDCS). NAPEP is centred on youth empowerment, rural infrastructure development, provision of social welfare services and natural resource development and conservation. The National Economic Empowerment Programme (NEEDS) was launched in 2004 and it focuses on wealth creation, employment generation, poverty reduction and value-reorientation. In 2008, the Nigeria Vision 20:2020 - Economic Transformation Blueprint was launched. Nigeria Vision 20:2020 is a long term plan for stimulating Nigeria's economic growth and launching the country onto a path of sustained and rapid socio-economic development. The blueprint articulates Nigeria's economic growth and development strategies for the eleven- year period between 2009 and 2020, and will be implemented using a series of medium term national development plans (NPC, 2009). The vision developed a strategic framework for guaranteeing the productivity and wellbeing of the Nigeria. The main objectives within this framework for generating employment and reducing poverty and achieving the vision 20: 2020 are: Eradicate extreme hunger and poverty; Enhance access to quality healthcare; Provide sustainable access to potable water and basic sanitation; Provide accessible and affordable housing; Build human capacity for sustainable livelihoods and national development; Improve access to micro-credit; Promote gender equality and empower women; Foster a culture of recreation and entertainment for enhanced productivity(NPC,2009:28).

A look at the evolution of strategies and policies as tools for employment generation and poverty reduction since 1980 indicates a clear pattern. They have not been effective in poverty reduction due to policy inconsistencies, corruption, bad planning among others. Available evidence shows that poverty incidence is still high. It rose from 27.2 per cent in 1980 to 65.6 percent in 1996, reduced slightly in 2007 to 64.4 percent and stood at 69.0 percent in 2010 (see, Table 2).

Table 2: Trends in Selected indicators measuring Poverty Levels in Nigeria

Description of selected indicators	**Percentage**
Poverty level/rate[a]:	
1980	27.2
1985	46.3
1992	42.7
1996	65.6
2004	54.4
2007	64.4
2010	69
Multidimensional Poverty and deprivation[b]	
▪ MPI	0.31
▪ Intensity of deprivation	57.3
▪ Population with at least one severe deprivation in:	
Education	42.4
Health	59.5
Standard of living	72.1
Feminization of Poverty[c]	
▪ Percentage of women in non-agricultural paid labour force	21
▪ Women who own the land they farm	7.2
▪ Percentage of women with a bank account	15
National adult literacy rate in English Language	57.9
▪ Male	65.1
▪ Female	50.6
National adult literacy rate in any language	71.6
▪ Male	79.3
▪ Female	63.7
Women in the poorest quintile who deliver in a health facility	7
Women in the highest quintile who deliver in a health facility	56
Mortality rate, adult, female (per 1,000 female adults)[b]	365

Sources: (a) National Bureau of Statistics (2010)
(b)World Bank (2012) World Development Indicator, CD-ROM
(c) British Council Nigeria (2012) Gender in Nigeria Report 2012: Improving the lives of girls and women in Nigeria, 2nd edition

Using the deprivation approach to gauge poverty level, it is clearly evident that the intensity is high with a value of 57.3 percent of the population. More than 70 percent of the population is at least showing one severe deprivation in the standard of living. There is evidence of feminization of poverty. The country has one of the highest rates of maternal mortality in the world as a result of poor access to safe childbirth services and women are educationally disadvantaged.

Unemployment has been a major source of concern in Nigeria. Figures 1-3 depicts the trends in labour force participation rates and employment to population ratio by gender between 1990 and 2010. There appears to be a clear evidence of male dominance in the productive employment of the Nigerian economy. The labour force participation rate, male (% of male population ages 15-64), as shown in figure 1 as well as the male employment to population ratio, +15 (%), as depicted in figure 2 revealed similar trend. This has serious implications for development outcomes in Nigeria. Gender employment gap which measures the difference between female employment to population ratio and male employment to population ratio persists during the study period. The 2003 -2011 gender gap was narrower compared with 1990-2002. The likely contributory factor to this is the advent of democratic dispensation which coincided with improvement in macroeconomic conditions and women employment. Findings showed that female employment should increase by 14 percent to attain gender equality as at 2010. In order to promote equality, there is the need to provide a variety of measures which can make both men and women strike a balance between their professional careers and family lives.

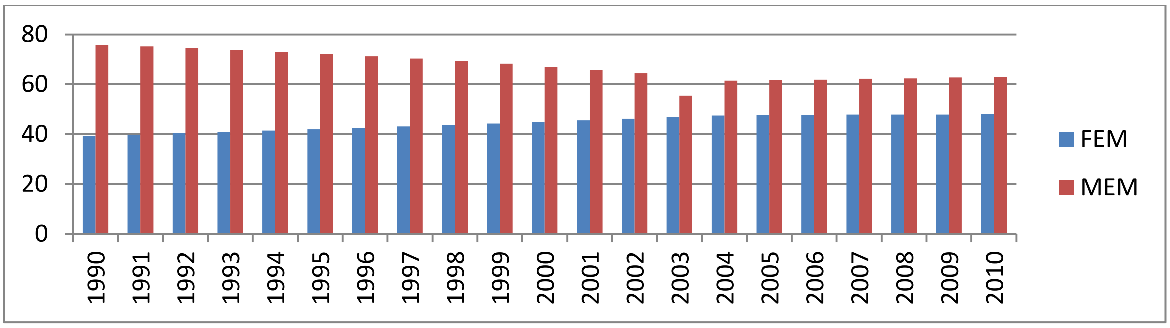


Figure 1: Trends in Nigeria's labour force participation rate of male and female
Source: World Bank (2012), World Development Indicators
Note: MEM is the Labour force participation rate, male (% of male population ages 15-64)
FEM is the Labour force participation rate, female (% of female population ages 15-64)

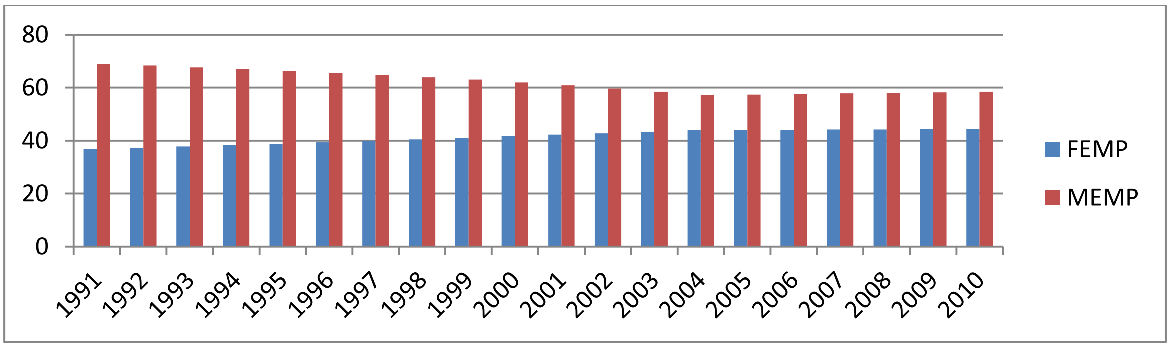


Figure 2: Trends in female and male employment to population ratio, +15 (%)
Source: World Bank (2012), World Development Indicators
Note: FEMP is the female employment to population ratio, 15+ (%)
MEMP is the male employment to population ratio, 15+ (%)

It is noteworthy that the advent of democracy which underscored the importance of mainstreaming women participation in economic activities ushered in positive changes in the Nigerian economy. Evidences on figures 1 and 2 depict that there is a sustained increase in women involvement in productive economic activities. In the same vein, the ratio of female to male labour force participation rate has witnessed a rising trend as shown in figure 3, with an average of about 66.59 percent for the entire study period.

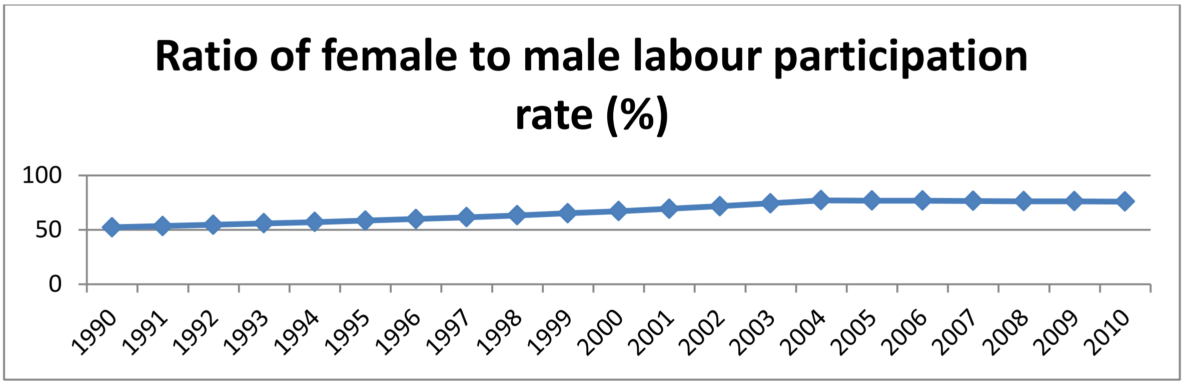


Figure 3: Trends in ratio of female to male labour force participation rate (%)
Source: World Bank (2012), World Development Indicators

Relying on the data provided by the National Bureau of Statistics, there is a clear evidence of ‘feminisation of unemployment’. For persons between ages 15 and 24 years, 35.6 percent male and 36.1 percent female were unemployed, while persons between 55 and 64 years, 14.6 percent male and 18.4 percent female were unemployed. Overall, national data showed that more women than men are unemployed with 17.7 percent male and 24.1 percent female respectively.

Table 3: Nigeria: Unemployment rate by gender, location and age group

Age Group	Urban			Rural			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
15-24	32.2	30.9	31.5	36.7	38	37.3	35.6	36.1	35.9
25-34	16.4	19	17.8	21.2	31	26.5	19.5	26.7	23.3
35-44	8.5	13.8	11.0	14.5	26.8	20.3	12.3	21.8	16.8
45-54	8.6	11.7	10.0	13.5	22.4	17.1	11.8	18.2	14.4
55-64	10.6	13.1	11.6	16.5	21.9	18.3	14.6	18.4	16
National	13.3	17.1	15.2	19.9	29.2	24.2	17.7	24.9	21.1

Source: National Bureau of Statistics (2010)

From the foregoing, there still appears a big gap between sound government policies and practical implementation which hinder female employment and perpetuate the incidence of poverty among women.

To further pursue the goals of poverty reduction, wealth creation, employment creation and value-reorientation, in 2005, the Central Bank of Nigeria introduced a policy framework to provide credit access to micro, small and medium scale entrepreneurs and low income households who hitherto have been excluded financial services. This was with a view to promoting inclusive growth and sustainable development. The Central Bank of Nigeria under the microfinance policy regime recognises the existence of informal institutions and aim at working towards their mainstreaming into the national financial system. It also seeks to harmonize operating standards and provide a strategic platform for the evolution of microfinance institutions (CBN, 2011). The specific targets of the microfinance policy are: To increase access to financial services of the economically active poor by 10 per cent annually; To increase the share of microcredit as percentage of total credit to the economy from 0.9 per cent in 2005 to at least 20 per cent in 2020; and the share of microcredit as percentage of GDP from 0.2 per cent in 2005 to at least 5 per cent in 2020; To ensure the participation of all States and the FCT as well as at least two-thirds of all the Local Government Areas (LGAs) in microfinance activities by 2015; and To eliminate gender disparity by ensuring that women's access to financial services increase by 15 per cent annually, that is 5 per cent above the stipulated minimum of 10 per cent across the board (CBN, 2011).

Statistics from the Central Bank of Nigeria Financial Statements Accounts for 2012 shows that the successive Nigerian governments have not matched words with actions. A key developmental role of microfinance banking system in developing economies is the development of disciplined banking habit in the people and enhancing access to financial services of the economically active poor. By virtue of its closeness to the grassroots, microfinance bank serves as an instrument designed to inculcate the banking habits among the masses of low-income workers. During the study period, banking habits of the grassroots people in Nigeria appear to have improved considerably in absolute terms. This is underscored by some of the indicators of banking habit development expressed in terms of the number of banks established, aggregate deposits in the banks and the total loans and advances to the economy. Available evidence shows that the number of reporting banks increased from 401 in 1992 to 769 in 2002 and stood at 821 and 883 in 2011 and 2012 respectively. The aggregate deposits in microfinance banks rose from ₦639.60 million in 1992 to ₦59, 375.90 million in 2011 while the total loans and advances rose from ₦135.8 million in 1992 to ₦ 50,928.3 million in 2011. However, when viewed in relative terms, these variables show a fluctuating trend. A cursory look at the proportion of aggregate deposits in the microfinance banks as a percentage of GDP shows that it ranged between 0.05 percent and 0.33 percent with a mean value of 0.16 percent while the proportion of microfinance banks' total loans and advances as a percentage of GDP ranged between 0.02 percent and 0.23 percent between 1992 and 2011 with a mean value of 0.09 percent, and are quite low. As at 2011, the share of microcredit as a percentage of total credit of the economy and GDP stands at 0.7 percent and 0.14 percent respectively (see, Figure 4). Thus, it is clearly evident that low-income earners have derived the least benefits from microfinance banks' operations in the Nigerian economy.

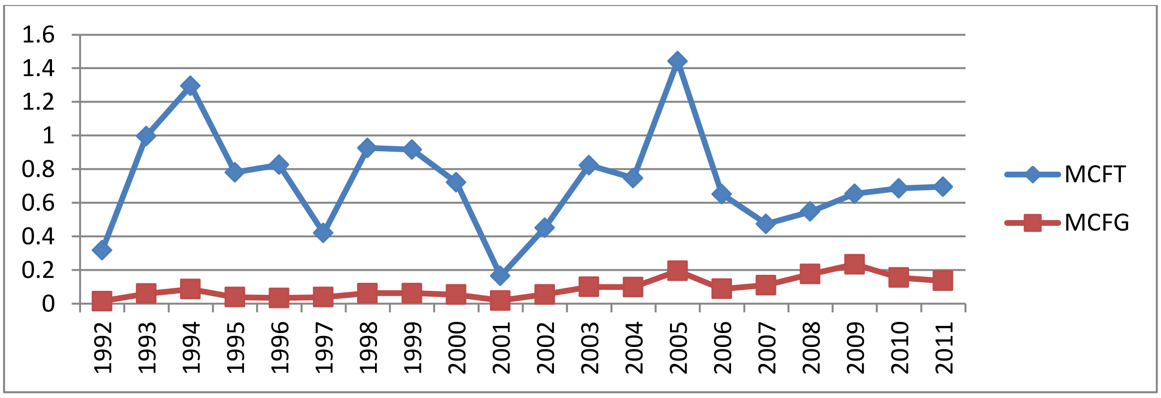


Figure 4: Trends in share of microcredit as a percentage of total credit of the economy and GDP

Source: Central Bank of Nigeria (2012)

Note: MCFT is the share of microcredit as a percentage of total credit to the economy (%)
MCFG is the share of microcredit as a percentage of GDP (%)

Against the foregoing background, one can conclude that although the successive Nigerian governments have made giant strides in designing strategies to combat poverty and unemployment and creating institutional framework to make credit readily available to citizens through the formation of a microfinance policy framework, it is noteworthy that the evolution of microfinance policies as a tool for employment generation and poverty reduction since inception seems to contain flaws which continue to exclude a significant proportion of intended beneficiaries from financial services.

4.2.2 Empirical Analysis

The results of the econometric model estimation are set out in tables 5 and 6. For the purpose of analysis, the Pairwise Granger-Causality test and the ordinary least squares (OLS) technique were employed to analyze the relationship among the variables in the model. Granger Causality test is used to examine the likely transmission channels between microcredit, poverty rate and employment gender gap. Table 5 presents the causality estimates between pairs of the variables while the regression results are contained in table 6. The results appear to be interesting. With regard to employment gender gap, the Granger causality test showed that there exist bi-directional causality between the growth of the economy and employment gender gap. This implies that changes in the economy can cause changes in employment gap. There exists unidirectional causality from employment gender gap to microfinance, that is, changes in employment gender gap influence microfinance. In the same vein, there is also unidirectional causality from poverty rate to employment gender gap and from microfinance to economic growth. This indicates that changes in poverty rate influence employment gender gap and changes in microcredit influence economic growth.

Table 5:
Granger causality estimate

Null Hypothesis	F-Stat/Prob Value	Conclusion
GRGDP -> GEMP	13.9343 (0.00058)***	Bi-directional Causality between
GEMP-> GRGDP	8.00381 (0.00542)**	GRGDP and GEMP
GEMP -> LMCF	2.31885 (0.13764)*	Unidirectional Causality from GEMP->LMCF
POV->GEMP	3.69595 (0.05360)*	Unidirectional causality from POV-> GEMP
LMCF->GRGDP	5.83857 (0.01551)*	Unidirectional causality from LMCF->GRGDP

*,**,*** implies 10%,5% and 1% significant level respectively

One can infer that poverty rate, microcredit and economic growth are possible transmission channels of employment gender gap in Nigeria. The results provide strong arguments to encourage access to microfinance with the aim of reducing gender employment gap and alleviating poverty. It underscores the importance of implementing policies to enhance output growth in the Nigerian economy with a view to narrowing employment gender gap.

From the regression results, it is evident that increasing access to microcredit/finance has the tendency to aggravate the employment gender gap, signifying its crucial role in creating employment opportunities for in the economy. This implies that microcredit in Nigeria have not been given to the right people who can create employment opportunities for women. A rise in poverty **widens** the employment gender gap and economic growth has the tendency to narrow the employment gender gap.

Table 6: Regression results

Variable	Coefficient	Std Error	t-Statistic	Prob.
GRGDP	-0.140466	0.054560	-2.574516*	0.0220
LMCF	0.843069	0.188039	4.483483***	0.0005
GEMP(-1)	1.056454	0.046544	22.69784***	0.0000
POV	-0.029160	0.016962	-1.719156*	0.1076
C	-6.890046	2.753425	-2.502355	0.0254
Adjusted R-squared	0.994268			
Schwarz criterion	1.722628			
Durbin-Watson stat	1.701197			
F-statistic	781.5837*			

***, **,** means 1%, 5% level of significance

An increase in the incidence of poverty leads to an increase in employment gender gap. This is not surprising, since poverty breeds poverty. A poor person has no capabilities to wriggle out of vicious of poverty without creating an enabling environment in the country. Growth rate of the Nigerian economy can reduce employment gender gap. The policy implication of these results is that any attempt to empower women and give them access to financial services has the tendency to engender their productive employment by narrowing the gender employment gap and create conditions for inclusive growth and development.

The primary data collected from the field survey to determine whether microfinance has helped to reduce poverty and improve the standard of living of customers were analysed using SPSS. To reduce cost, purposive sampling technique was used to select 240 microfinance customers which constitute the sample size. Out of the 240 questionnaires, 238 were returned and analysed using tables, frequency counts, cross-tabulations and regression to draw inferences. Table 7 shows that the respondents were actively engaged in microfinance activities as revealed by the large number of respondents who obtained loans as well as develop savings culture. However, these had little impact on employment generation and living standards.

Table 7: Frequency Distribution of the trend and pattern of Microfinance Activities

Variable	Frequency	Percentage
Gender		
Male	76	32.8
Female	157	66.0
Missing	3	1.2
Total	238	100.0
Loans		
Yes	180	75.6
No	57	23.9
Missing	1	4
Total	238	100
Savings		
Yes	237	99.6
No	1	.4
Total	238	100
Employment created after receiving loans		
Very low	17	7.1

Low	15	6.3
Undecided	171	71.8
High	9	3.8
Missing	26	10.9
Total	238	100.0
Gender employed more after receiving loans		
Male	17	7.1
Female	21	8.8
None	183	76.9
Missing	17	7.1
Total	238	100.0

Relationship between loan receivers and standard of living in the family

Loans	**Standard of living in the family**				
	Very low	**Low**	**Undecided**	**High**	**Very High**
Yes	1	67	66	44	1
No	0	3	22	31	1
Total	1	70	88	75	2

Source: Field Survey 2014

To determine whether micro-credits/loans have any impact on income, a proxy to measure poverty alleviation, simple regression was used with income as the dependent variable and microfinance loans as independent variable. Table 8 shows the model summary of the simple regression equation that predicted standard of living/poverty alleviation while the explanation of the values presented is given in the table 9**.**

Table 8: Model Summary of the regression for poverty alleviation

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.587	.345	.341	1.66312

Predictors: (Constant), average size of loan taken from microfinance banks

Table 9: Summary of the analysis of variance for poverty alleviation

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	255.894	1	255.894	92.516	.000
	Residual	486.808	176	2.766		
	Total	742.702	177			

Predictors: (Constant), average size of loan taken from microfinance banks

From table 8, R square shows that 58.7% of the variations in income among microfinance customers could be accounted for by loans given by the microfinance institutions. The adjusted R square stands at 34.5%. The F-statistics = 92.516. This, by implication, means that there is a significant effect of microfinance loans on income status. This is consistent with the findings of Jegede et.al. (2011)

5.0. Conclusion and Policy Implications

The objectives of this study are to examine the effects of microfinance and poverty on employment gender gap in Nigeria between 1992 and 2011 and also determine whether microfinance has helped to reduce poverty and improve the standard of living of customers. Both secondary and primary data were collected and analysed using a combination of descriptive and econometric analytic techniques. Analysis of secondary data revealed that despite the vast number of licensed microfinance institutions in Nigeria, feminization of poverty and gender inequality in employment are both clearly evident. The share of microcredit as a percentage of total credit of the economy and GDP stands at 0.7 percent and 0.14 percent respectively during 1992-2011 period. Between 2003 and 2011 employment gender gap was narrower compared with 1990-2002. It is most likely that the advent of democratic dispensation which coincided with improvement in macroeconomic conditions and women employment contributed to this. However, female employment would have to increase by 14 percent to attain gender equality as at 2010. The Granger causality test showed that there exists unidirectional causality from employment gender gap to microfinance, that is, changes in employment gender gap influence microfinance. There is also unidirectional causality from poverty rate to employment gender gap and from microfinance to economic growth. This indicates that changes in poverty rate influence employment gender gap and changes in microcredit influence economic growth. Regression results showed that an increase in the incidence of poverty leads to an increase in employment gender gap. Increasing access to microcredit/finance has significant influence on the employment gender gap. Evidence from survey data revealed that low-income earners have derived the least benefits from microfinance banks' operations in the Nigerian economy.

Short dataset prevents the use of more sophisticated econometric tools, notwithstanding it underscores the importance of using microfinance as a policy measure to eliminate poverty and reduce gender employment gap with a view to promoting inclusive growth and development in Nigeria. The study observe that although the successive Nigerian governments have made giant strides in designing strategies to combat poverty and unemployment and making credit readily available to citizens through the formation of a microfinance policy framework, there still appears a big gap between sound government policies and practical implementation which hinder female employment and perpetuate the incidence of poverty among women. There is therefore, the need for the government to be more proactive and make conscious efforts to use microfinance as an effective policy instrument to eliminate feminization of poverty and narrow employment gender gap with a view to promoting inclusive growth and development in Nigeria.

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