International Scholars Journals

International Journal of Agricultural Economics and Extension ISSN 2329-9797 Vol. 7 (12), pp. 001-009, December, 2019. Available online at www.internationalscholarsjournals.org © International Scholars Journals

Full Length Research Paper

Microfinance and gender in the context of millennium development goals (MDGs) in Nigeria

Abosede, Adebiyi Julius[1]* and Azeez, Bolanle Aminat[2]

[1]Department of Business Administration, Faculty of Social and Management Sciences, Olabisi Onabanjo University. Ago-Iwoye, Ogun State. Nigeria.

[2]Department of Banking and Finance, Faculty of Management Sciences, University of Ado-Ekiti, Ado-Ekiti, Ekiti State, Nigeria

Accepted 25 July, 2019

Issues in client targeting are two in nature; gender targeting or poverty targeting (Brau and Woller, 2004). The nature of target to some extent will determine the 'best practices' in conjunction with local specific situation. In the first issue of gender targeting, the question has always been whether to lend to women or men in the context of which will give wider reach and benefit the society. This position was examined in the context of what are contained in recent literature with respect to microfinance activities in Nigeria using Chi-square non-parametric method of analysis to test the hypothesis differentials. It has, therefore, not been universally confirmed that extending microfinance to women alone or more than men will benefit the society more than otherwise. What has been observed was that giving more microfinance access to women will definitely empower them, but without examining the implication of that on the African social structure. Also when this is examined in context of targeting the poor, fundamental problem of still defining the purpose of microfinance as poverty alleviation is raised. This study recommends that gender distribution characteristics should not be a determinant of modus operandi of microfinance institutions in Nigeria, but rather the choice of poverty targeting, which is one of its target.

Key words: Microfinance, gender, millennium development goals.

INTRODUCTION

Financing development, especially, in developing economy requires examination of different strategies or options with the hope of adopting that which will optimize the development objectives. This is with a view to properly harnessing resources in the best interest of the poor for purposes of empowerment and subsequent development. The situation has become germane with the emergence and global adoption of the Millennium Development Goals in September 2000. The goals are meant to achieve three basic things; poverty eradication, healthcare provision and environmental sustainability both in the developed and developing countries.

In the past, aids and grants from developed nations were utilized in addressing the development of the poor in the world, especially in eradicating poverty, ensuring good healthcare and environment. Questions could be asked as to how the new goals would be financed in the developing countries like Nigeria, Ghana, Gambia and others? Most importantly, should the developing nations still wait for aids and grants from the developed nations of the world for the purpose of addressing issues relating to poverty among other matters?

There is the need to explore alternative independent sources of financing development apart from the 'dash' from the developed nations and the conditional-lending from international banks. To this end, indigenous financing is necessary, among which is microfinance. This mode of financing takes into consideration the capital base and issues of collaterals of individual and groups in the developing countries.

Poverty alleviation and people empowerment in the

*Corresponding author. E-mail: adebiyi.abosede@yahoo.co.uk.

Tel: +2348037299293.

developing countries probably require optimal integrated community involvement creating home grown posture to common problem. The need to explore and combine both informal (traditional) and formal sources of funds is, therefore not farfetched. The level of capital formation in developing economies is rather low thereby constraining a good flow of funds from the surplus units to the deficit units at affordable interest rate and at conditions that will not send the borrowers away. Even where it is possible to access funds from the formal financial institutions, it has always been with difficult-to-meet lending conditions (collaterals) and high interest rate that frustrate repayments. The inaccessibility to formal financial services made the poor to develop varieties of informal, community-based financial arrangements to meet their financial needs (Christen, 2001). One of the informal, community-based financial arrangements is microfinance.

Statement of problem

Using microfinance approach, areas such as sustainability, products and services, management practices, clientele targeting, regulation and policy, and impact assessment become matters for consideration. In this paper, the clientele targeting is examined. There are two approaches to clientele targeting; gender targeting and poverty targeting (Brau and Woller, 2004). The question here is which comes first; poverty issue or gender issue or both at the same time? The nature of target to some extent will determine the 'best practices' in conjunction with specific local situation. Gender targeting raises the question of whether to lend to women or men depending on which will give wider reach or penetration and benefit the society in addition to addressing the problem of poverty. In another vein, poverty targeting aims at providing financing to the poor irrespective of gender. This is more like a mass approach to poverty management. The bottom line here is the establishment of the focus of microfinance in a developing economy. It is therefore worthwhile to explore the question whether microfinance activities to address poverty in the developing countries should be gender bias in the context of Millennium Development Goals (MDGs)?

The Millennium Development Goals (MDGs)

The basis of MDGs is to free all men, women and children from the abject and dehumanizing conditions of extreme poverty by the year 2015. The goals were drawn to cope with a variety of issues such as poverty eradication, promotion of education, maternity health care, gender equality, child mortality, acquired immune deficiency syndrome (AIDS) and other fatal diseases. It is expected that these goals can be achieved using the resources, knowledge and technologies now available to humankind. Most importantly, eradication of poverty was not seen merely as an ethical and moral imperative, but also a political one more so that survival of nations may become suspect where there are enormous economic inequalities. The broad eight Millennium Development Goals (MDGs) are:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

It is important to raise the point that developmental policies and goals had always been enunciated by the UN before the MDGs. The questions, therefore, are: Why should the public mobilize behind them when so many earlier UN goals remain unfulfilled? Do the MDGs apply to everyone in the global street? Do the goals concern only aid? What trade-offs took place in reaching the "Monterrey Consensus" and how fair are they? Do the MDGs represent a new global bargain or the old-style impositions? All these questions are important in properly placing the goals of the MDGs vis-à-vis what has been happening in the past and to what extent it bridges the gap between the poor and rich. Treatment of the aforementioned issues is outside the purview of this paper. However, the goals are lofty and appropriate in the circumstance of the developing nations requiring the development of indigenous financing mechanism.

Poverty and gender

As much as the word poverty tends to convey situation of inability to sustain some minimal level of existence, there exists divergent views on the conceptual definition and whether poverty is gender specific. Hagendaars (1986) sees poverty from price of a basket of essential goods compared to an individual's income to meet the cost of these necessities. This is looking at poverty from the purchasing power of the people without being gender specific. In this circumstance, inflationary effects on relative prices of factor inputs and outputs could cause poverty. Poverty could be seen from income or expenditure or both. Poverty has also been defined in terms of the nutritional status of the people and ease of meeting other basic needs. This could be measured through corresponding costs. Going through the various definitions, some level of value judgments comes in to play. Money income (for example the $1.08 per day benchmark as recommended by the World Bank) may not be a good measure of real consumption. This is more so when the goal of poverty analysis is to consider people's real well-being, where expenditure (consumption) can be a better measure than income (Deaton and Muellbauer, 1980). This is probably borne from the view that there is a threshold of income that can ensure expenditure to achieve minimum well-being above the poverty level.

Amongst the factors being used in describing poverty is gender. Gender has a rather blurred definition with its interchangeable usage with sex resulting in gender identity being synonymous to sexual identity (Gross, 1987). Gender identity, though subjective, entails categorization into masculine and feminine arising from differences in response to social environment. This position is corroborated by Stone (2003) by looking at gender from the roles and identity matrix. Identity is formed and affects attributes and attitudes leading to the development of self-concept within the context of the society and mode of interacting. Sexual identity is the categorization of a person's physiological status into male or female or the genetic status and the social label applied at birth. Gender roles or sex roles relate to the behaviour, attitudes values, and beliefs and so on that a particular cultural group considers appropriate for males and females on the basis of their biological sex (Bland, 2005).

There are two broad theories on gender; the essentialists and social constructionists' theories. The main plank of the essentialists is that sex and gender are the same or inseparable while the social constructionists are of the view that both sex and gender arise in social interaction and therefore have no existence independent of social interaction. They are socially constructed to create differences for the convenience of the society (Stone, 2003).

Microfinance (MF) strategy

The poor are generally characterized by low level of income and subsistence economy. Capital formation becomes difficult thereby affecting income and expenditure flow necessitating search for additional capital to drive empowerment. The inaccessibility to formal financial services made the poor to develop varieties of informal, community based financial arrangements to meet their financial needs (Christen, 2001). For example, some of the informal ways of raising credits in Nigeria are *'Esusu', 'Ajo'* and other forms of rotational financial assistance. The informal, community-based financial arrangements put in place have metamorphosed into a formal less-sophisticated arrangement termed microfinance.

Microfinance is financial arrangement offering financial services to the poor via investing (savings), lending (credit services), and insurance (risk management) to address issues of cash flow for the purpose of poverty eradication. Microfinance is a term for the practice of providing financial services such as micro-credit, micro-saving, or micro-insurance or all in one to poor people. As suggested by name, most transactions involve small amounts of money, frequently less than US$100 (Wikipedia, 2007). Microfinance is a strategy option to the usury functions of the money lenders and the heavy demands of the conventional banks. Microfinance is the term that has come to refer generally to such informal and formal arrangements offering financial services to the poor. The origin has been the development of wide variety of informal, community-based financial arrangements to meet the financial needs of the poor resulting from the inaccessibility of formal financial services (Brau and Woller, 2004). It is common to find rotating credit and savings ('Esusu and Ajo') arrangement as a form of informal financial arrangement to address the financial needs of the poor. The pool of savings mobilized through this arrangement is lent to one member of the group, who pays it, at which time it is lent out to another group member, and so on until each group member takes a turn borrowing and repaying the pool of savings.

Microfinance arrangement is aimed at reversing the ideas that the poor as consumers of financial services are not bankable by coming up with variety of lending methodologies to provide cost-effective services to the poor, and mobilize "social investments" for the poor (Mutua et al., 1996). The basic products offered by microfinance institutions (MFIs) are namely investing (savings), lending (credit services), and insurance (risk management). Microfinance addresses a basic yet devastating glitch in the formal banking system. The poor cannot get capital from traditional banks because they do not have collateral to secure loans, and traditional banks do not want to take on the risks and cost of making small uncollateralized loans. Microfinance in an attempt to address risk and collateral employs organizational forms of lending to groups and offers education, training, and other social services to their clients. Microfinance, which probably predates the formal finance services, came about as a result of the fact that in the world, poor people are excluded fully from formal financial system (Christen, 2001). Microfinance emerged when evidence showed that low-income people can be credit-worthy and can save money, provided they are able to access tailored financial services (Boros et al., 2002).

Formalization of microfinance as alternative to formal finance started around early to mid 80s and has since gathered an impressive momentum in providing intermediation function to the poor and not too poor (Brau and Woller, 2004). Typically, microfinance institutions are not-for-profit or are owned by customers or investors who are more concerned about the economic and social development of the poor than they are with profits. However, events of the years have made microfinance institutions to overturn established ideas of the poor as consumers of financial services, shatter stereotypes of the poor as not bankable, spawn a variety of lending methodologies demonstrating that it is possible to provide cost-effective financial services to the poor, and mobilized substantial amount of social investment for the poor (Mutua et al., 1996). This has made microfinance institutions to be more beneficial to borrowers living above the poverty line, because clients with more income are willing to take the risks such as investing in new technologies that will most likely increase income flows. Poor borrowers, on the other hand, tend to take out conservative loans that protect their subsistence, and rarely invest in new technologies, fixed capital or hiring labour.

The aforementioned situation has made imperative the determination of whether microfinance is still following the development path or there has been a paradigm shift into the foray of entrepreneurial development. Most people do not have the skills, vision, creativity, and persistence to be entrepreneurial to ensure economic sustenance of microfinance institutions. For example, in developed countries where level of education is high and there are easy accesses to financial services, about 90% of the labour force is employees, not entrepreneurs. The z the veracity of microfinance strategy. China, Vietnam, and South Korea have significantly reduced poverty in recent years with little microfinance activity. On the other hand, Bangladesh, Bolivia and Indonesia have not been as successful at reducing poverty despite the influx of microfinance institutions.

The drive behind microfinance movement was poverty alleviation, although there has been a foray into economic goals by the operators of microfinance. The latter arose from the need that while microfinance offered the potential to alleviate poverty; it should pay for itself and perhaps even turn in profit. How this will impact on the primary objective of microfinance of promoting achievement of social objectives is a matter for further research. The maturity of microfinance fields, its clientele and the disparate environments in which microfinance institutions operate have affected operational complexity at achieving financial self-sufficiency (Dunford, 2000). Most microfinance institutions operate without covering their costs which informed the subsidies and gifts from governments and other donors. This has the probability of affecting sustainability of microfinance operations especially from the economic perspective.

Microfinance institutions can be examined from two distinct paradigms; the *institutionist* and *welfarist* paradigms, each of which sees microfinance from different perspectives with different implications in the process of achieving microfinance goals. These perspectives are briefly reviewed as follows

Welfarist view

The welfarists premised their position on the purpose of microfinance which is improved living standard for the poor. The welfarists are of the position that MFIs can achieve sustainability without achieving financial or economic self-sufficiency (Morduch, 2000). The welfarists thought of donations as a form of equity, such that donors can be viewed as social investors who will receive social dividends. Social investors, unlike private investors, do not expect to earn monetary returns but social, or *intrinsic,* returns. Emphasis is placed on poverty alleviation and institutional evaluation based on social metrics. Evidences available suggest that those MFIs that have achieved true financial self-sufficiency have also tended to loan to borrowers who were either slightly above or slightly below the poverty line in their respective countries (Navajas et al., 2000). In essence, some economies of scale was achieved by extending larger loans to the marginally poor or non-poor.

This position calls to question the evolutionary path of the informal financial arrangement primarily created to meet the needs of the poor. Therefore if the financial self-sufficiency criterion is unduly emphasized, the very poor will not be reached by MFI services. This runs counter to the expectation of targeting the poor talented people which leads to business expansion, stimulation of local economic growth and hiring the less entrepreneurial neighbours (Wikipedia, 2007). This then affects the depth of reach or penetration to those who need the credit most desperately.

Institutionist view

The institutionists' view is premised on financial sustainability in which the microfinance industry would be able to cover its operating and financing costs with revenues. This position came to be from the works of Gonzalez-Vega (1994) while analyzing the failed rural credit agencies established by several LDC governments during the 1960s and 1970s. He found that the primary cause of failure was "lack of institutional viability". The point here is that two conditions must be met before MFIs can assist in the process of poverty alleviation and human empowerment. These conditions are; (1) institu-tional sustainability and (2) financial self-sufficiency which reinforces the first condition. In this case, subsidized loan funds will become fragile and focus can be lost quickly than those that obtained funds from depositors. Taking this posture, to some extent questions the purpose of microfinance and its evolution, which hitherto was to assist the poor.

Centrality of gender in poverty eradication

Literature is divided on the clientele targeting for the purpose of providing microfinance services. The identified broad clientele targets are on gender and non-gender (just the poor) bases. Mixed results were obtained in this respect from empirical studies (Pitt and Khandler, 1998; Kevane and Wydick, 2001; Mallick, 2002; Hossain, 2002; Abosede, 2008). There is no universal confirmation that extending microfinance to women alone or in larger proportion relative to men will be more beneficial to the society. What has been observed was that giving more microfinance access to women will definitely empower them and raise women's level of independence. This position does not examine the implication of women empowerment on the African social and cultural dispositions. Another issue is when the women empowerment is examined in the context of targeting the poor, fundamental problems of contracting the net of the poor and defining the purpose of microfinance as poverty alleviation are raised.

Microfinance organizations are expected to reach the poor and not a specific gender in a quicker manner than the conventional banking network (Bose and Rajini, 1998; Jenkins and Goetz, 1999). Those who have examined the impact of microfinance from the gender perspective have long alleged that the participation of women in these programs needs to be examined in "a distinctly political light- raising issues of power, not just productivity and eradication of poverty (Goetz and Gupta, 1996); and that women's own leadership and accountability does not even appear as a concern (Rajagopalan, 2004). There is a possibility that 'women only' targeting of credit can place women at risk of domestic abuse where they are forced to act as fronts for others who are excluded from access to credit. Women and men live together and have complex relations and negotiations.

Gender issues are not necessarily the same as women's issues. Understanding gender means understanding opportunities, constraints, and the impacts of change as they affect both men and women (World Bank, 2002). Women microfinance benefits should be deconstructed and understood in the context of their lack of basic property rights as individuals and not in the context of poverty eradication. Byrness et al. (1999) find that men tend to take more risk (being the basis of entrepreneurial activities) than women. Gender is an influential factor in determining people's risk-taking behaviour. Men are more overconfident than women (Barber and Odean, 2001), even though this may raise issue of risk-return. Gneezy (2004) report that women invest less and appear to be more risk averse than men. In similar vein, Niessen and Ruenzi (2006) find that female fund managers take less risk and follow a less extreme investment style.

The core question here has to do with what the priority should be; is it poverty eradication in the context of human rights to good living or women empowerment in the belief that they constitute a larger proportion of the society? Sub-Saharan Africa has witnessed lagging growth performance among the developing nations, showing large and rising income gaps when compared to nations like East and South Asia. Africa has the highest poverty rates and showing no progress in meeting MDG (Chen and Ravillium, 2004). The implication of the aforementioned is that poverty has first priority with gender equality coming probably after.

Women and microfinance

Throughout the old history of microfinance, women have not always been the centre of attention. In Europe and North America, the first initiatives of the cooperative and mutualist movement showed little interest for women. Lemire (2001) finds that the proportion of women in the cooperative movement hardly reached 10%. With a quarter of female clients, mostly widows and unmarried, the 18th century Irish funds were an exception, possibly because of their very small loan amounts (Hollis, 2001).

Similarly, the first attempts to provide credit in developing countries through development banks and cooperative movements also showed little interest for women (Fournier and Ouédraogo, 1996). However, this rapidly changed with the development of modern MFIs. For instance, the proportion of female clients of the Grameen Bank steadily increased from 44% in October 1983 to 95% in 2001 (Armendariz and Morduch, 2005). How can this study be explained regarding the sudden enthusiasm for female targeting and why do many microfinance organizations today still choose to focus on women? Three main arguments are usually put forward by donors or practitioners in favour of targeting women; these are gender equality, poverty reduction, and MFI efficiency (Mayoux, 2001).

With respect to gender equality, microfinance is considered an effective means of promoting women's empowerment. Drawing on the findings of household economics developed over the last three decades, it is suggested that gender inequalities result in great part from inequalities in bargaining power in the context of decision making within the household. It is also suggested that women's weaker bargaining power results from their smaller contribution to household cash flows and market-based income generating activities. By enabling women to develop or strengthen income-generating activities, microfinance is likely to increase their monetary income, their control over their income, and their bargaining power within the household. These effects are expected to lead to various mutually reinforcing social, psychological, and even political effects: better self-esteem and self-confidence, an improvement in status within the family and the community, better spatial mobility, and greater visibility of women in public spaces, and so forth. The cultural implications were not examined directly in this position; especially as it concerns African culture on gender and family relations.

As far as poverty reduction is concerned, it is argued that women invest their income to nurture the wellbeing of their families, whereas this is not always the case for men. For instance, Khandker (2003) finds that a 100% increase in the volume of borrowing to a woman leads to a 5% increase in the per capita household non-food expenditure and a 1% increase in the per capita household food expenditure, whereas for men such an increase results in only a 2% increase in non-food expenditures and a negligible change in food expenditures. This finding is echoed in various empirical studies conducted all over the world: A dollar loaned to a woman seems to have a greater development impact than a dollar loaned to a man (World Bank 2007: 165).

As far as MFI efficiency is concerned, a high female repayment rate is often the main argument. As described by Armendariz and Morduch (2005), the Grameen Bank originally had a majority of male clients but quickly decided to concentrate almost entirely on women due to repayment problems related to male customers. Also, far beyond the Grameen Bank's example, it seems that the increasing emphasis on women in microfinance programs since the 1990s has been inspired by the evidence of high female repayment rates combined with the rising influence of gender lobbies within donor agencies and nongovernmental organizations (NGOs) (Fernando, 2006; Mayoux, 1999; Weber, 2006). According to Mayoux (2001), if gender lobbies have been able to argue for targeting women, it is mainly on the grounds of high female repayment rates and the contribution of women's economic activity to economic growth.

The previous discussion shows that many studies have advanced theoretical arguments concerning female targeting as well as its consequences. However, as has been noted by Armendariz and Morduch (2005), most of them are not backed by any empirical evidence. It is in light of these voids in the empirical research that the efforts must be seen. First, although many studies document the magnitude of female focus (Mody, 2000; Yunus, 2002), no study of which we know has attempted to identify in detail the characteristics of those MFIs that focus on women. Second, empirical evidence usually confirms that women do indeed repay better than men (Khandker et al., 1995; Sharma and Zeller, 1997; Kevane and Wydick, 2001; D'Espallier et al., 2009). However, MFI financial performance is more than just repayment. The financial efficiency of female targeting is far from obvious. It can also be argued that targeting women is more costly for various reasons: They borrow smaller amounts, they are less mobile and less educated, and they need additional services (health, education, literacy, child care, etc.) and maybe additional monitoring. Therefore, a focus on women and overall MFI financial performance goes beyond repayment rates and deserves further attention.

METHODOLOGY AND HYPOTHESES

Data and methodology

The method adopted by Abosede (2008) was replicated to do an expanded study in Nigeria. The six geopolitical template of the Nation was used by applying stratified random sampling in selecting the States, Local Governments and people living in the rural areas of the selected areas. A pilot survey was done to do content validity and reliability test of the questionnaire. The result obtained showed a significant correlation of 0.66 at 95% confidence level.

Gender bias, MFI characteristics and hypothesis formulation

Here, the hypotheses that will be tested with respects to the MFI characteristics that underlie a conscious gender bias towards women was discussed. Specifically, we derive hypotheses with respect to needs, alteration in family structure, empowerment target, women focus and nature of occupation. The hypothesis are stated in their null hypothesis

Empowerment versus gender target

The context under study has three characteristic elements (and the results should be interpreted accordingly): A growing dependence on urban wage labour (which is highly irregular, precarious and poorly paid), the pursuit of social status mainly through consumption and 'social investments', and an increasingly large credit supply (to which microfinance contributes without being the only factor). Hence, the study expects that MFI should focus more on empowering the poor irrespective of gender.

H_1: *Microfinance activities should target poverty eradication rather than gender empowerment*

Needs

Women are likely to get smaller loans because of either demand issues or supply issues. As far as demand is concerned, women are usually engaged in small-scale activities that require less capital. It is also argued that they are more risk adverse and therefore less likely to ask for large loans that exceed their repayment capacity (Armendariz and Morduch, 2005; Phillips and Bhatia-Panthaki, 2007). As far as supply is concerned, Fletschner (2009) argues that the lack of physical collateral may prevent MFIs from providing large loans to women. In conclusion, the study expects that focus on women is associated with smaller average loans, which can be described by the following hypothesis:

H_2: *Financial needs is not the same among male and female* alteration in family structure or tradition challenge

To clarify the central issues, on the one hand, higher household income in the hands of women might increase health and education for women and their household members; the study call this the women-empowerment effect. On the other hand, the exclusion of men from access to subsidized finance might create frictions, and rebound effects that diminish the supportive role women play for their spouses and wider household members in the production of health and education; the study call this the women-disempowering effect. This, in an aftermath effect can alternate the office of the family head when women play the role, which is in contrary to lineage tradition.

H_3*. Empowering females will not affect the family structure or challenge tradition.*

Women focus

Those MFIs providing nonfinancial services normally do so to service poorer and more marginalized customers (Lensink and Mersland, 2009). It also argued that women more readily accept nonfinancial services, while also needing them more (Armendariz and Morduch, 2005; Mayoux, 2001).

H_4: *MFI services not should focus more on women since they are poorer*

Data and summary statistics

Financial and general data for this study were collected from 5 MFIs operating in the selected areas, using questionnaires and unstructured interview method of data collection. No dataset is perfectly representative of the microfinance field. In particular, the dataset contains relatively few of the mini-sized MFIs and it does not cover the virtually endless number of small savings and credit cooperatives.

The first empirical question in this paper relates to poverty focus of MFB to a conscious gender bias towards women. The non-parametric estimation technique of chi-square was employed to test for the differences in questions and hypothesis raised.

EMPIRICAL RESULTS AND DISCUSSION

Here, presents the result obtained from the analysis of the primary data obtained from questionnaire and interview are presented. The decision rule is to accept the null hypothesis if the X^2 calculated is lesser than the X^2 tabulated.

From the results, the result reveals that the alternative hypothesis for Q1 which states the MF should consider poverty eradication rather than gender empowerment should be accepted. This shows that poverty eradication which is one of the major reasons for the establishment of MF and a major competing goal of MDGs should be made prioritized rather than focusing on gender empowerment, which in most case will be skewed towards the female.

The anecdotal evidence set out above suggests a substantive need to explore in greater depth the relationship between microfinance structures and the issues of gender in development and empowerment around microfinance. This in relation reveals that both male and female have responsibilities to play as parent for their children and as children to their parent. Hence, it is indeterminate to say precisely, which gender has more financial needs than the other, it is a subjective case. Therefore, the alteration of family structure is likely to arise if the females are more empowered than the male, which on the long run may cause family chaos, hence achieving the opposite of microfinance target.

For many observers, enabling the poor to gain access to capital and to reduce the impact of crises is enough. The provision of financial services to the poor is certainly an important contribution of microfinance. But, for many who want to expand microfinance and demonstrate the payoffs to capital providers in either the for-profit capital markets sector or the non-profit philanthropy sector, more conclusive evidence of impact is desirable or necessary. If microfinance is to become a larger force in alleviating global poverty and to provide more scalability, better evidence of the payoffs of microfinance investments and of the impact on both the economic and social welfare of the borrowers is required.

Also, the null hypothesis of Q3 will be rejected, which is an indication that empowering females will affect the family structure and challenge traditions. To clarify the central issues, on the one hand, higher household income in the hands of women might increase health and education for women and their household members; the study calls this the women-empowerment effect. On the other hand, the exclusion of men from access to subsidized finance might create frictions, and rebound effects that diminish the supportive role women play for their spouses and wider household members in the production of health and education; we call this the women-disempowering effect. This, in an aftermath effect can alternate the office of the family head when women play the role, which is in contrary to lineage tradition.

Summary

Microfinance as a strategy towards achieving the MDGs emerged at a time when there is global pursuit of gender equity. This has affected the clientele targeting of either being gender targeting or poverty targeting (Brau and Woller, 2004). It is important to re-emphasise that the primary goal of microfinance is poverty reduction by making available funds to the poor at minimal cost. The nature of target to some extent will determine the ‘best practices’ in conjunction with local specific situation. In the first issue of gender targeting the question has always been whether to lend to women or men in the context of which will give wider reach and benefit the society.

Literature is still divided in determining which way to go because of the mixed results obtained from empirical studies (Pitt and Khandler, 1998; Kevane and Wydick, 2001; Mallick, 2002; Hossain, 2002; Abosede, 2008). The divide is to the effect that extending microfinance to women alone or in higher proportion relative to men will not necessarily benefit the society more than otherwise. Observation has been that giving more microfinance access to women will definitely empower them. However, the implication of the empowerment in the context of African social structure has not been examined. Also when this is examined in context of targeting the poor, fundamental problem of still defining the purpose of microfinance as poverty alleviation is raised.

Microfinance addresses women development needs by focusing too heavily on economic and financial goals, leaving unattended to, the vital cultural and political concerns of women. Gender issues are often prominent in the rhetoric of microfinance intermediaries but absent in practice.

Conclusion

Gender distribution characteristics should not be a determinant of modus operandi of microfinance institutions in Africa, but rather the choice of poverty targeting. This position may not necessarily apply to developed nations where a threshold of development has been attained. The study may not even equate poverty to micro entrepreneurs in the two climes of developing and developed nations. For example, in the developed and developing economies, creating opportunities for steady employment at reasonable wages may be the best way to take people out of poverty. Nothing is more fundamental to poverty reduction than employment (ILO).

The study is of the conviction that microfinance in the developing countries should not be gender sensitive but rather address poverty alleviation and sustainability. Gender distribution characteristics should not be a determinant of modus operandi of microfinance institutions in Africa, but rather the choice of poverty targeting. There is wide spread recognition of the fact that the microfinance services do not always reach the poor (Tripathi 2006; Kalpana 2005). Poverty is a function of wages, size of household and income of other household members, not of a particular gender. We may probably not be able to equate poverty to sex and neither could it be said that empowering women economically will solve the poverty problems of the developing nations.

REFERENCES

Abosede AJ (2008). 'Microfinance: Should it be Gender Bias in the Context of Millennium Development Goals (MDGs)? Evidence from Ogun State Nigeria. Department of Business Administration, Olabisi Onabanjo University, Ago-Iwoye,' J. Manag. Organ. Behav., 1(1): 140-153

Armendáriz B, Jonathan M (2005).The Economics of Microfinance, Cambridge, MA: MIT Press.

Armendáriz B (2008). Gender Empowerment in Microfinance, Cambridge, MA: MIT Press.

Barber BM, Odean T (2001). 'Boys will be boys: Gender, Overconfidence, and Common Stock Investment'. Q. J. Econ., 116(1): 261-293.

Blackden M, Canagarajah S, Klasen S, Lawson D (2006). 'Gender and Growth in Sub-Saharan Africa's Issues and Evidence'. United Nations University.World Institute for Development Economic Research UNU-WIDER Research Paper No. 2006/37

Boros R, Murray U, Sisto I (2002). 'A Guide to Gender-Sensitive Microfinance. Socio-economic and Gender Analysis (SEAGA) Programme.A paper presented at the International Conference on "Women's Empowerment or Feminization of Debts? Towards a new agenda in African Microfinance held in London. March 21-22.

Bose BK, Ranjani KC (1998). "Banking with the Poor: SIDBI's Initiatives'. Paper Presented at Conference on Kick-Starting Microfinance: A challenge for the Indian Banks. Oct. 26-28. Bankers Institute of Rural Development, Lucknow.

Brau JC, Gary MW (2004). Microfinance: A Comprehensive Review of the Existing Literature, J. Entrepreneurial Finan. Bus. Vent., 9(1): 1-26.

Byrness PJ, Miller DC, Schafer WD (1999), 'Gender differences in risk-taking: A meta-analysis. Psychol. Bull., 125(3): 367-383

Christen RP (2001). 'Commercialization and Mission Drift: The Transformation of Microfinance in Latin America', CGAP Occasional Paper No. 5. Washington, DC: Consultative Group to assist the Poorest.

Deaton A, John M, (1980), Economics and Consumer Behaviour. Cambridge, U.K.: Cambridge University Press.

Dunford C (2000). 'In search of "Sound Practices" for Microfinance, J. Microfinan., 2: 6-12.

Esteve-Volart B (2003), Gender Discrimination and Growth: Theory and Evidence from India.

Goetz A, Gupta MR (1996). "Who Takes the Credit? Gender, Power and Control over Loan Use in Rural Credit Programmes in Bangladesh". World Dev., 24(1): 45-63.

Grinstein Y, Hribar P (2004). 'CEO Compensation and Incentives: Evidence from M&A Bonuses'. J. Finan. Econ., 53(1): 43-71

Hagendaars, Aldi. (1986). The Perception of Poverty. Amsterdam: North Holland Publishers.

Hossain, Farhad, (2002), 'Small loans, big claims', Foreign Policy, 2: 79-81

Hossain M (1988). 'Credit for Alleviation of Rural Poverty' Institute Research Report 65, February. Washington, D.C: International Food Policy Research.

Jenkins R, Goetz AM (1999). "Accounts and Accountability: Theoretical Implications of the Right Information Movement in India". Third World Q., 20(3): 603-622

Kalpana K (2005), "Shifting the Trajectories in Microfinance Discourse". Econ. Pol. Wkly., 50(51). Dec. 17-23.

Karnani A (2007), 'Microfinance Misses its Mark'. Stanford Social Innovation Review, Summar. Leland Stanford Jr. University.

Kevane M, Bruce W (2001), Micro-enterprise lending to Female Entrepreneurs: Sacrificing Economic Growth for Poverty Alleviation? World Dev., 29: 1225-1236.

Mallick R (2002), 'Implementing and Evaluation of Microcredit in Bangladesh', Dev. Pract., 12: 153-163.

Morduch J (1998), "Does microfinance really help the poor? New evidence on flagship programs in Bangladesh", Draft, McArthur Foundation Project on Inequality Working Paper, Princeton University.

Mutua K, Nataradol P, Otero M, Chung B (1996), 'The View from the field: Perspectives from Managers of Microfinance Institutions', J. Inter. Dev., 8: 179-193.

Niessen A, Stefan R (2006), 'Sex Matters: Gender and Mutual Funds'. Working Paper. University of Cologne, Germany.

Pitt MM, Khandker SR (1998), 'The Impact of Group-based Credit Programs on Poor Households in Bangladesh: Does the Gender of Participants Matter?" J. Pol. Econ., 106: 958-996.

Rahman A (1999), "Microcredit Initiatives for Equitable and Sustainable Development: Who Pays?" World Bank Dev., 26 (12), December.

Rajagopalan S (2004), "User Owned and Controlled Organisation in the Field of Financial Services". Paper

written for Microfinance India. Feb. 24-26.
Tripathi S (2006), "Micro-credit won't Make Poverty History". Guardian Unlimited. Oct. 17. Accessed from http"//businessguardian.co.uk/comment/story/0,,1924509,00html