

# Microfinancing of Small-Scale Enterprises: A Panacea to Poverty Alleviation in Ekiti State, Nigeria

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## Abstract

Microfinance has attained cosmopolitan recognition. Yet, the real contribution of microfinance in Nigeria and of course, all over the world, is fluctuating and conflicted. This treatise shall enumerate the scientific relationship between microfinance loans and poverty reduction. The method used in collecting data in this piece is the questionnaire. To this end, 16 local government areas across Ekiti State shall be directly administered with the questionnaire. In the meantime, this study finds that poverty alleviation programme in Ekiti State has not indeed met the primary objective for which it came into being, even though microfinance is viewed as effective means of poverty alleviation and by extension a very important means for the poor to access the loan. On the other hand, this work recommends that microfinance be sustained and redefined for poverty alleviation programme with wide outreach in Ekiti State. Also, Micro-Finance Institutes (MFIs) should improve their supervisory capacity on its loans beneficiaries and government should endeavour to tackle poverty through its formidable and sustainable economic policies formulations.

**Keywords:** Poverty Reduction, Micro-financing, Small and Medium Scale, Alleviating Poverty

## Introduction

Poverty Alleviation Development Committee was established in Nigeria in 1994; before this time however, all efforts of alleviating poverty in Nigeria, though ad-hoc, had been at a very low ebb. Again, there was no

particular strategy as to poverty alleviation by the Nigeria government in the overall objective goal of the country. This position is a product of careful perusal of many National Development strategies between 1962 and 1985, and National Rolling plans from 1990. The expediency of national basic is that, they produced support for the pursuit of development objectives, ever since 1960 when Nigeria attained political independence.

It must be said that the basic goal of economic planning in Nigeria is to attain a geometric increase in the overall capacity of production for the purpose of making the standard of living of the citizenry better. In any case, there are some concerns with poverty alleviation, which include the improved standard of living. The objectives of poverty alleviation had been clearly spelt out in the poverty-related objectives from 1962 to 1985, and these includes:

- Prompting per capita income
- Equal distribution of income
- Reduced level of unemployment
- Inward flow and supply of quality manpower development

The first National Rolling plan had the responsibility of curtailing unemployment by providing job opportunities. They were also to raise the bar of social and political awareness of the citizenry in order to expedite a market-based economy and as such cushion the effects of inherent economic awareness.

National Rolling plans might have no primary impact on poverty alleviation. However, it must be averred that an increase in per capita income would lead to a

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commensurate improved standard of living. Though and increase in per capita income is not a sufficient condition for an improved standard of living, it is a very necessary and germane condition as a poverty reduction strategy.

*In increased and improved per capita income is but one thing, and over development is another. It is not impossible to have high growth of per capita income without a commensurate improved standard of living in Nigeria in general and Ekiti state in particular, where the impetus of growth and development relies only on a particular sector of the economy. In this connection, it is important that the objective of National Rolling plans is diversified in this nation so that the Nigeria state would witness a remarkable improvement in its standard of living.*

The focal point of microfinance is to alleviate poverty, using the machinery of adequate provision of financial services to the poor (Barr, 2004). In a related development, the notion of microfinance has been approached in relation to the size recipient. Microfinance provides credit facilities to the indigent citizen who ordinarily would not have been able to access financial institution, CBN (2005). This is akin to GAP (2007) which posits that microfinance provides such services as micro-credit, micro-saving and or micro-insurance, with the poor people as the target.

Ezirim (2005), in his words, dissembles poverty as a situation where it becomes inadequate as a result of non-availability of resources, for individual or finances to attain a level of socially acceptable standard of living. In the same vein, Sapovadia (2005) describes poverty as the inadequacy of necessary resources. Poverty is apparently associated with backwardness and complete lack of basic necessities. Poverty line is said to mean the minimum level of income needed to access basic necessities of life. Ogamba (2007) goes further to stress that stays perpetually poor even when he/she is employed. One has part, Olaitan (2005) posits that the rise of poverty has no new origin, but has been frequently mentioned in National Development debates.

Poverty alleviation is synonymous with a reduction in the hardship or poor state of welfare of individuals (Hartzeil, 2006). It also means an improvement in the wellbeing of an individual or a group of individual. There is emergency poverty alleviation; short-term poverty alleviation and long-term poverty or sustainable poverty

alleviation programme. Poverty alleviation discussions have attracted so many brilliant rounds in social and management sciences, a sequel to the fact that poverty has a destructive tendency which is capable of destroying the poor (CBN, 1999). The situation of poverty has led to the introduction and re-awakening of several strategies geared towards reduction of poverty.

One of these strategies is microfinance; however, how much poverty reduction is possible with microfinance? This question becomes relevant in the face of the federal and Ekiti state government's poverty reduction programme and the central bank of Nigeria microfinance policy.

Microfinance, over the years, has become the most popular poverty alleviation strategies all over the world. The research uses poverty theory to analyse the resultant effect of microfinance on poverty alleviation. The thematic thrust of this work is also to argue that microfinancing is a necessary condition for poverty alleviation; however, it may not be a sufficient panacea to the eradication of poverty because of the complex nature of poverty. However, microfinance has achieved real spectacular feat in the areas of providing self-employment which invariably guarantees self-reliance. A brief look into the future development and what this might mean for the way forward of microfinance practices concludes this works.

According to consultative group to assist the poor (CGAP, 2010), "Financial services for the active poor people have proven to be a powerful instrument for alleviating poverty, giving them opportunities to increase incoming build assets and reduce their vulnerability to economic stress." An attempt shall be made in their work to critically examine microfinancing and as well analyse its effect on poverty alleviation. A brander understanding of poverty is therefore helpful in order to identify how the provision of credit is related to the lives of the active poor. In whichever way MFIS target, they all try to reach the loving and working arena of the active poor. MFIS, on its part, try to boost the informal markets through their borrowers, rather than waiting for economic growth to roll slowly to the active poor through other sectors.

Within the enormous amount of the active poor in the world, a distinction amongst them is necessary in order to address poverty alleviation in the most efficient way

(Hulme, 2003). Since there are different indicators of poverty and measuring the deprivation of the poor (the dollar-a-day poverty line, the human poverty index), there is no one definition for what constitutes deprivation (Thomassen, 2001). Chambers (2006) names a total of 12 interlinked elements contributing to poverty in areas that go beyond income and material wellbeing. Poverty is caused by context-specific and core elements. With the realization of all these interlinking influences on the life of an active poor person, it makes it rather unrealistic to think that providing loans can be the answer to poverty when analysing the complexity of this web (Chambers, 2006). One can argue that only in a fairy-tale can multifaceted character of poverty and the set of several indicators necessary, make it, in addition, incredibly hard to observe and measure poverty.

## Statement of the Problem

The efforts made by the Nigerian governments towards alleviating poverty had been at very low ebb. This has affected the required basic needs especially in terms of money and materials that could facilitate the creation of employment opportunities through microfinancing. However, this has cumulated with the inability of many states government in Nigeria including Ekiti State to sustain several poverty alleviation programmes introduced by successive government in Nigeria; but, the advent of micro-financing through the giving of credit facilities in form of loans and fund to execute Small-Scale Business which will result in Poverty Alleviation; an act of lessening, causing a relief on the condition of having an adequate supply of money, resources, goods or means of substances through micro-financing will bring Poverty Alleviation via its potent and meld strategy in the war against Poverty all over the world. Meanwhile, microfinancing of small-scale enterprises which is a panacea to poverty alleviation has not been able to effectively actualized the expected micro-credit loans to the teaming active poor (Creative Entrepreneurs) in Ekiti state. Consequently, this research considers the operation and services of microfinancing in Ekiti state which seems to have not provided enough accessibility of funds and loan facilities, thereby reducing the level of alleviating poverty among the individual and serving as a source of financing small-scale enterprises in Ekiti state, on the other hand, micro-finance is created in order to respond to

the missing credit facilities for the poor.

## Research Questions

This work is guided by the under-listed research questions

- Can small-scale enterprises have access to credit facilities in Ekiti state?
- To what extent has microfinancing significantly alleviated poverty in Ekiti state?

## Objectives of the Study

The research work seeks to build:

- the extent of small-scale enterprises in accessing microfinance loans in Ekiti state.
- to determine how microfinancing significantly alleviated poverty in Ekiti state.

## Contextual Analysis

### Poverty

Because of the publicity and consequent popularity of the subject of microfinance in the recent times, government and non-governmental organizations as well as financial institutions, professional bodies and academics, both in the rural area and urban centres, are becoming much more interested in the topic vis-a-vis how it affects them in spite of the enormous interest it received by the subject (Ajakaiye, 1998). Uche (2000) asserted that there is still no universal agreement as to its dysfunction.

Poverty had been defined severally, but it always means the same thing according to the concept and related concern Okunmadewa (1996). It could, therefore, be defined as social and economic obligation on unavailability of employment and rare access to social amenities like education, potable water, health, etc. In this connection, someone has very limited opportunity to deploy his potential (CBN, 1999).

Ezirom (2005) defines poverty as a condition where resources of facilities or individuals are incapable of providing to a reasonable extent, socially acceptable standard of living. Poverty is closely related to the shortage of certain vital resources (Osuka, 2005). This

usually emanates from an enduring harsh and inhospitable environment; but more often than not, it comes from the collapse of socio-economic and the cultural system, out of which, it might deny the basic right occasioned by lack of access to economic and social resources, political participation and consultation.

Poverty is a micro problem. The major causes are political instability, corruption, social-economic disparity and prejudices, inaccessible educational facilities as well as infrastructure (Besley, 1996). Poverty loans when one is denied access to basic flow of income (Ezirim, 2005).

## Poverty Alleviation

The primary objectives of Nigeria were restoring and sustaining economic growth in the 1960s, with a view to trickling down the lower income group in the country. Later however, it became clearer that higher economic growth did not automatically ensure the wide distribution of benefit (Chenery, 1974). In Tandon's (1990) view, it did not measure up to expectation: and as observed by Segagekdom (1995), the result was a trickling up in favour of small-middle class and the very rich. Subsequently, in 1970, increasing emphasis was placed on the development of human and capital as a key component of so sustaining other social sectors. Indeed, the aforesaid, gave increase strength to community organizations.

This approach came under increasing criticism because of its limited impact on the economic conditions of poor communities. Many programmes also failed, either because of the composition from local cities which saw the programmes as a threat, or because those elites were able to siphon most of the benefits (Toye and Jackson, 1996). Following the advent of the "Green Revolution" between Tos and Sos, attention over the next decade will be turned to increase production and consequent needs to focus on broader areas in development projects. This led to a vertically integrated approach to development and the belief that the active poor would benefit from the increased productivity and ensuring multiplier effects throughout the population. The oil crises in the 1980s, increasing debt burden and the consequent adoption of the structural adjustment required the government to drastically reduce public expenditures. Government programme did not yield tangible effects on the communities they were being ravaged by huge budgeting, management. Therefore, on

its part, the government seemingly became incapable. Delivery systems were found to suffer from severe obstacles to implementation, there were occasioned uncompleted facilities, and lack of man-power and equipment, as well as increases in the prices of basic commodities (Francis, 1996).

In the 1990s, the fact that the active poor had not really benefited from government developmental programmes became clearer (Todd, 1994). The magnitude of the active poor population also began to multiply at a very alarming rate. Planners said that it would take for longer than expected for the benefits of the development programmes to be widely enjoyed, They also recognized that even during normal times, a high proportion of public subsidies go to non-poor, while a large number of agencies and programmes in Ekiti state and its local government levels with mandates relevant to poverty alleviation had performed below expectation. Although many have now been discontinued, they had powerful extra-ministerial, implementation organs, projects, and programmes more evident in some communities than others. Sequel to this observation, in 2001, the National Poverty Eradication Programme (NAPEP) was established to address the challenges of poverty. An important objective of NAPEP is to "help eradicate poverty by the year 2010 (FGN, 2004). This is indeed in consonance with the United Nations Millennium Development Goal (MDG) of having a drastic reduction in the population of people living below the poverty line in 2005."

## Microfinance and Poverty Alleviation

More often than not, microfinance is viewed as an antidote to poverty. Sapoviadia (2005) explains that inaccessibility of the poor to financial credit is the bane of their participation and contribution to national economic growth.

In this connection, the failure of the accredited financial institution and system to provide statutory financial services to small and micro-enterprises, thereby denying the poor financial access, gives rise to micro-financing and invariable micro-credit as a means for income expansion and out-night reduction of poverty. The CBN (2005) acknowledges the fact that the only means to meaningfully engage the poor who are latent with potential for entrepreneurship is through adequate

provision of micro-finance services that would enable the engage in basic economic activities and become, to a reasonable extent, self-reliant, as well as increase employment opportunities.

Microfinance services through its importance role it plays in reduction of poverty and general Economic growth. It is estimated that close to 70 percent of Ekiti state population is engaged in the informal sector, or subsistence agriculture and civil services (Olaitan, 2005). This segment of the population depends on microfinance employment.

### Importance of Microfinance

From the start, the creation of microfinance gives the poor that are not privileged to get involved in the normal banking processes and, consequently, they cannot be actively involved in microenterprise.

Microfinance has remained a very variable tool in alleviating poverty and uplifting the living standard and economic self-reliance. More importantly, microfinance is a pathway to the actualization of quality education, good healthcare services delivery, and by extension, it bridges to a reasonable extent, the gap between the rich and the poor. Particularly, in Ekiti state, a great many have taken their time to access micro-loans from numerous microfinance establishments in each domain. They used those loans to begun tiny trade/business and improve farming techniques for exaggerated crops. The profit they created can successively serve to feed and sand a future generation to high school and receive healthcare.

Microfinance, in a clear term, has done a world of excellence in Ekiti state. However, if the whole promise of microfinance is to be delivered and brought to bear on hunger and poorness in Ekiti state, it should take for consideration, a crucial issue, i.e., the total inclusion of girls farmer and entrepreneurs; that is why, the Hunger project's microfinance program and gender balance are women-led, regionally at present, associated degree of totally integrated folks provide an empty viewing settings for ladies and women to participate. The idea is to produce extraordinary poor folks with tiny loans in order that they will begin and operate a business. The borrower's square measure puts in place are ready to economize and pay back the loan over time. Microfinance helps support money security as a result of this; it is simply not a donation.

Microfinance is a means of extending a tiny low loan or an alternative of credit saving or insurance product to people who don't have access to the variety of capital.

By this, the poor ample opportunity of become a principal freelance and can work their own way to a better condition of living. Microfinance remains a sure way in meeting the generally agreed \$2 per day per capita income of individuals. This notwithstanding the importance of microfinance shall be enumerated here under:

- It permits achieve poor to erase offer for his or her families – Microfinance breeds resilience with the developing countries of the world. An individual's household square measure is ready to pull-off themselves from poorness; it typically takes only one negative condition to send them back to it. Naturally, healthcare challenge can make one slop back to poverty. Microfinance boosts a reasonable form of resilience in the confidence of a micro-business owners/poor and provides the chance to take their own decision as and when due.
- It serves people who square measure typically unmarked in the society - In most of the developing countries of the world, ladies take the larger percentage of people who are given access to loans of truth; more than 90 percent loan product square measure is given to ladies by microfinance establishments. On the other hand, people with disabilities, people who are jobless and people who beg to satisfy their basic needs are given access to microfinance product that could help them ahead of their own lives. Most of these microfinance outfits have a greater number of women in their board of administrators and are ready to acquire square measure up to 66 percent higher in returns on endowed capital and 52 percent higher in term of sales return than firms with male board members solely. Women conjointly develop others a lot of overtimes once it involves entrepreneurial roles. This comes from employment, feedback or investments. Even within the developed world, ladies serving to ladies are associate degree economic forces that poorness cannot stop.
- It offers a stronger overall loan in instalment rate compared to ancient banking product the time, folk square measure sceptre, they are a lot of seemingly to avoid defaulting on a loan. Ladies (with a square measure) statistically allotted a seemingly repay

loan than their men counterparts are of course, that is another reason why ladies with a square measure are focused within the microfinance world. There is conjointly actual fact that, for several people who receive a microloan, it is their solely real probability to log-off themselves out of poverty, therefore, they are not trying to mess up things. Zenger folk man revealed a survey relating to the rating of high integrity and dishonesty in leadership roles that were differentiated by gender. The mean centile of girls that portray this trait was 55 where men were simply 48. A cheap line of integrity like this matters in business. Microfinance outfits have come to know and approach ladies attributes to this. Many developing countries of the world square measure take a brand new check up on what role ladies ought to play in the society. Ladies have successfully brought out the families out of the clutches of poverty through access loans, and this is a living proof that they don't belong only to the kitchen. For these reasons, therefore, microfinance establishments see total compensation rates of upper than 98, although there may be many accounts that square measure due at any given time.

- It provides families with a chance to produce associate degree education to their kids – Children that live in poverty prone area muscles a lot of seemingly possess an incomprehensible difficult days or not even listed in classroom in any respect. This is often as a result of most families who barely possess square meal operating within the agricultural sector. Members of these families want the kids to be operating in a productive venture, therefore, their needs may be met by receiving microfinance products and there is less threat going-on as a whole on the funding, which suggests that a lot of opportunities await the kids that remain in the class. This is particularly necessary for the families with ladies. When ladies receive at least eight years of proper education, they are seemingly to get married young. In the long run, this makes them seemingly to end schooling than their square fair paying job, or go into extra instructional chances.
- It creates the likelihood of future investment – Poverty resolves like a cycle. Without money, feeding becomes difficult, people tend to get sick when lack access to good and hygienic water. Once folks square measure affected by deficiency disease, they

are less seemingly to figure. An absence of healthy sanitary measure around brings about sicknesses that intercepts a good standard of living. Microfinance is a veritable panacea to these ugly situations above. This is made possible in that microfinance gives the poor unimpeded access to loans which are meant petty and medium scale trading. Once basic square measure are met, families will then invest into higher wells, higher sanitation, and the time it should access the healthcare they have. As these basic wants square measure met, it conjointly means there are square measure's fewer interruptions to the routine. Folks will keep a lot of products children will keep in class a lot of working system. This creates a lower average families size as a result of their square measures a lot of guarantees of survival in some situations. When this happens, there is the possibility of making a real future investment. There will be a lot of confidence in having the ability to satisfy basic needs.

- It will produce real jobs – Microfinance creates an ample avenue for entrepreneurs in developing countries of the world to generate employment opportunities for others within the economy. With a lot of folks ready to work, associate degrees earn a financial gain, the remainder of the native economy conjointly edges. As a result of their square fair measure, a lot of revenue obtainable to maneuver through native business repair and suppliers of a real job. It is not simply the level of the entrepreneur that edges from job creation through microfinance.

A man by name, Grameen Bank that is from the People's Republic of Bangladesh employed over twenty-one thousands of folks and their primary money product square measure associated with microfinance. That is an alarming percentage of jobs that square measure created by the trade with the only real purpose of living the ability to tug folks up and out of poverty.

## Methodology

The study was conducted in Ekiti state, Nigeria, because they are poor and not mainly inclined with enterprising acumen but more devoted to educational development and farming despite the economic advantage and conducive environment. However, the study covers all the 16 local governments' area in the state. The population of the

study covers the small-scale enterprises in Ekiti state. One hundred and sixty thousand respondents were sampled; these include those who have established/boosted small-scale enterprises through microfinance loans and were purposively selected among the registered small-scale enterprises/industries in Ekiti state. These are indicated below:

**Table 1**

Sr. No.	Selected SME's/Owners	Sample Population	Study Area
1.	Furniture Making Industries	30	EKITI STATE, NIGERIA.
2.	Block Industries	30	
3.	Panel Beating/Welding	30	
4.	Fashion Design	30	
5.	Restaurant/Catering Services	10	
6.	Bakeries/Bread Vendors	10	
7.	Printing Press	10	
8.	Saw Mills Wood Trading	10	
	<b>Total</b>	<b>160</b>	

Source: Industrial Directory compiled by the Ministry of Commerce, Industries and Trade (2019).

A sample size sourced from registered Small Scale Enterprises/Industries with the state Ministry of Commerce and Industries and later approached with questionnaires.

## Research Instrument

Questionnaires were used in collecting data from the respondents. The questionnaire information contained a list of possible items relating to the accessibility of microfinancing towards poverty alleviation. The descriptive statistical analytical method was used in this study. However, constructive four points Likert-scaled closed-ended structured questionnaire with the option of (disagree, strongly disagree, agree and strongly agree) and direct administration in all/parts.

## Findings and Discussions

### Analysis of Respondents' Demographic Variables

The section deals with the analysis of respondents' demographic and socioeconomic characteristics.

## Age Distribution

**Table 2**

	Frequency	Percentage	Cumulative Percentage
Not more than 30	42	26.3	26.3
31-40	59	36.9	63.1
41-50	44	27.5	90.6
51 and above	15	9.4	100.0
Total	160	100.0	

Source: Field Survey, 2019.

The above table shows that 26.3 percent of the total samples are below 31 years, 36.9 percent are between 31 and 40 years, 27.5 percent are between 41 and 50 years, while 9.49 percent are 51 years and above. However, the highest numbers of respondents are between the active age adulthood with 36.9 percent.

## Educational Level

**Table 3**

	Frequency	Percentage	Cumulative Percentage
University Degree	54	33.8	33.8
Polytechnic/ College Graduate	68	42.5	76.3
Technical School	19	11.9	88.2
Primary School Leaver	13	8.1	96.3
Others	6	3.8	100.0
Total	160	100.0	

Source: Field Survey, 2019.

The table above shows that 33.8 percent of the samples are university graduates, 42.5 percent polytechnic/college graduates, 11.9 percent technical school certificate holders, 8.1 percent primary school leavers and 3.8 percent holders of other qualifications.

However, the percentage of educated respondents is high because Ekiti state is one of the educational advantages state of the country.

## Question 1

Descriptive analysis showing the role of Microfinance Bank in Poverty Alleviation.

**Table 4: The Extent of Small-Scale Enterprises in Accessing Microfinance Loans in Ekiti State**

<i>Sr. No.</i>	<i>Items</i>	<i>Response</i>	<i>No.</i>	<i>Percentage</i>
1.	Does small-scale Enterprises' have access to Microfinance loan in Ekiti state?	Yes	150	93.8
		No	10	6.2
2.	Are Microfinance institutions playing strategic role in small-scale Enterprises Financing in Ekiti state?	Yes	144	90.0
		No	16	10.0
3.	How many times have you attempted getting means of sourcing for funds to establish small-scale/cottage industries?	Once	41	25.6
		Twice	28	17.5
		Thrice	6	3.8
		Several times	47	29.4
		Not at all	38	23.8
4.	Have you benefited from any microfinance institution?	Yes	109	68.1
		No	51	31.9
5.	If yes, how many times?	Once	70	43.8
		Twice	53	33.1
		Thrice	9	5.6
		Several times	18	11.3
		Not at all	10	6.3
6.	What is the extent at which you received financial assistance from microfinance institutions?	≤ 50,000	111	69.4
		51,000-150,000	39	24.4
		151,000-250,000	3	1.9
		251,000-350,000	-	-
		351,000-450,000	1	0.6
		Above 500,000	6	3.8

Source: Field Survey 2019.

The above table shows that 93.8 percent of the samples are aware of microfinance bank's role in poverty alleviation while 90 percent report that microfinance institutions are playing strategic roles in poverty alleviation. 25.6 percent had once attempted sourcing funds from relations, friends and donor agencies to establish small-scale, cottage industries, 17.5 percent indicate twice, 3.8 percent thrice, 29.4 percent several times, while 23.8 percent had not sourced funds from other means to set up small-scale/cottage industries. 68.1 percent had benefited from microfinance institutions. The frequency of these benefits derived from microfinance institutions varies from once (43.8 percent) to twice (33.1 percent), thrice (5.6 percent),

to several times (11.3 percent) while 6.3 percent had not benefited at all. Amongst the beneficiaries of microfinance loans, 69.4 percent received loan of less than ₦50,000, 24.4 percent are between ₦51,000 and 150,000, 1.9 are between ₦151,000 and 250,000, 0.6 percent of the loans received ranged between ₦351,000 and 350,000 while 3.8 percent received of above ₦500,000. However, most respondents are aware of MFIs existent and have gotten loans to finance their small-scale enterprises which has resulted in poverty alleviation.

Descriptive Analysis showing sources of finance for Small-Scale Industries and Poverty Alleviation Programmes.

**Table 5: What are the Sources of Finance for Small-Scale Enterprises and Poverty Alleviation Programme?**

<i>Sr. No.</i>	<i>Items</i>	<i>SA</i>	<i>A</i>	<i>SD</i>	<i>D</i>
1.	Most Small-Scale industries are financed by MFIs in State	29 (18.1)	75 (46.9)	15 (9.4)	41 (25.6)
2.	Virtually all the Poverty Alleviation Programmes are financed by MFIs.	22 (13.8)	60 (37.5)	23 (14.4)	55 (34.4)
3.	Laudable Poverty Alleviation Programme has preference over others when sourcing for loans from MFIs.	31 (19.4)	58 (36.3)	17 (10.6)	54 (33.8)
4.	Many liquidated/about to be liquidated Small-Scale industries find succor in the MFIs for fundraising.	25 (15.6)	79 (49.4)	21 (13.1)	35 (26.9)
5.	The understanding of needy about sourcing loans to finance cottage industries is high.	27 (16.9)	76 (47.5)	14 (8.8)	43 (26.9)

Source: Field Survey, 2019.

The table above shows that 65 percent of the total sample agree that most small-scale industries are financed by MFIs in their state while 35 percent disagree, 51.3 percent adjudge that virtually all the poverty alleviation programmes are financed by MFIs, 55.7 percent agree that laudable poverty alleviation programme have preference over others when sourcing for loans from MFIs, 65 percent

agree that many small-scale industries that are the verge of liquidation find succor in the MFIs for fundraising, 64.4 percent agree that the understanding of needy (Active Poor) about sourcing loans to finance cottage industry is high. However, the respondents confirmed how poverty alleviation programme is financed by MFIs and that small-scale enterprises have been finding succor in the MFIs.

## Question 2

**Table 6: To What Extent has Micro-Financing Significantly Alleviated Poverty in Ekiti State?**

<i>Sr. No.</i>	<i>Items</i>	<i>Yes</i>	<i>No</i>
1.	Does micro-financing institutions provides opportunities for Small Enterprises to access loans in Ekiti State?	142 (88.8)	18 (11.3)
2.	Do you think microfinance institutions can really assist to reduce poverty?	147 (91.9)	13 (8.1)
3.	Are microfinance institutions really helping the needy (Active Poor) across the state?	142 (88.8)	18 (11.3)
4.	Is there any interest rate on microfinance loan?	146 (91.3)	14 (28.8)
5.	Does the interest rate affordable?	114 (71.3)	46 (28.8)
6.	Do you patronize microfinance for loans regularly?	94 (58.8)	66 (41.3)
7.	Are your financial needs adequately met by the Microfinance Banks in this State?	94 (58.8)	66 (41.3)

Source: Field Survey, 2019

The result above shows that only 88.8 percent of the total subjects are knowledgeable about the prime objective of the microfinance institutions. 91.9 percent are optimistic that microfinance institutions can assist them, 88.8

percent report that microfinance renders assistance to the needy across the state. 91.3 percent are aware of an establishment called microfinance bank. 71.3 percent are aware of the interest rate charged by microfinance

institutions on loans. 58.8 percent patronize microfinance banks on regular basis while 58.8 percent adjudged that their financial needs were adequately met by microfinance banks operating in the state. However, respondents attested to the fact that microfinancing operations is a

strategy for poverty alleviation because of its objectives, interest rate, awareness, patronage, regular assistance rendered in meeting their financial needs adequately.

Descriptive Analysis Showing the impact of microfinance institutions.

**Table 7: What are the Impacts of Microfinance Institutions in Relation to Poverty Alleviation?**

Sr. No.	Items	SA	A	SD	D
1.	I have good knowledge of Microfinance institutions in my State	36 (22.5)	82 (51.3)	7 (4.4)	35 (21.9)
2.	I currently have access to microfinance service	49 (30.6)	65 (40.6)	11 (6.9)	35 (21.9)
3.	My access to the microfinance institution service is easy	43 (26.9)	84 (52.5)	10 (6.3)	23 (14.4)
4.	The condition of the loan received are convenient to me	46 (28.8)	72 (46.3)	11 (6.9)	31 (19.4)
5.	The services of the microfinance institutions are satisfactory.	45 (28.1)	74 (46.3)	11 (6.9)	30 (18.8)
6.	Microfinance institutions have improved my well-being through my business	39 (24.4)	75 (46.9)	13 (8.1)	33 (20.6)

Source: Field Survey, 2019.

The above table shows that 73.8 percent of the total sample have good knowledge of microfinance institutions in my state; 71.2 percent currently have access to microfinancing services; 79.4 percent adjudge that their access to the microfinance institution service is easy; 73.8 percent agree that the conditions of the loan received are convenient; 74.4 percent report that the services of the microfinance institutions are satisfactory while 71.3 percent agree that microfinance institutions have improved their well-being in business. However, majority of the respondents stated

that conditions, knowledge, access and services MFIs in loans insurance and collection is impressive.

## Test of Hypothesis

### Hypothesis One

Regression analysis showing the impact of small-scale practices on poverty alleviation in Ekiti state.

**Table 8: Small-Scale Financing will not Significantly Lead to Poverty Alleviation in Ekiti State**

Model	B	Std. Error	T	Sig. T	R	R <sup>2</sup>	F	DW
Constant	5.853	.535	10.948	.000	.726	.527	176.389	1.239
Small-Scale Practices	.501	.038	13.281	.000				

## Results

$$POV = f(\text{SMEF})$$

$$POV = b_0 + b\text{SMEF} + \mu_i$$

$$POV = 5.853 + .501 \text{ SMEF}$$

$$\text{Std. Error} = (.535) (.038)$$

$$T = (10.948) (13.281)$$

$$\text{Sig. T} = (.000) (.000)$$

$$R = .726, R^2 = .527, F = 176.389, DW = 1.239$$

Where POV = Poverty Alleviation, SMEF = Small-Scale Enterprising Financing

Small-scale practices correlate significantly with poverty alleviation ( $r = .726, p < 0.05$ ). Small-scale practices contributes to about 53 percent ( $r^2 = .527$ ) variance in poverty alleviation. The remaining 47 percent unexpected variance is largely due to variation in other variables otherwise included in stochastic error term. The value

of regression constant is 5.853. It implies that holding small-scale financing and other variables constant, the value of poverty alleviation. Durbin-Watson value of 1.239 confirms the presence of serial auto correlation in the regression model. The overall regression model is statistically significant at 0.05 level of significance in terms of its overall goodness of fit ( $F = 176.389, p < 0.05$ ).

However, the above clearly reveals that the calculated statistics ( $t = 13.281$ ) is greater than tabulated t-statistics

(1.960) at 0.05 levels of significance and n-1 degree of freedom. Therefore, the null hypothesis ( $H_0$ ) is rejected. This implies that small-scale practices will significantly lead to poverty alleviation in Ekiti state.

### Hypothesis Two

Regression analysis showing the impact of small-scale practices on poverty alleviation in Ekiti state.

**Table 9: Small-Scale Financing will not Significantly Lead to Poverty Alleviation in Ekiti State**

Model	B	Std. Error	T	Sig. T	R	R <sup>2</sup>	F	DW
Constant	5.853	.535	10.948	.000	.726	.527	176.389	1.239
Small-Scale Practices	.501	.038	13.281	.000				

### Results

$$POV = f(SMEF)$$

$$POV = b_0 + bSMEF + \mu_i$$

$$POV = 5.853 + .501 SMEF$$

$$\text{Std. Error} = (.535) (.038)$$

$$T = (10.948) (13.281)$$

$$\text{Sig. T} = (.000) (.000)$$

$$R = 726, R^2 = .527, F = 176.389, DW = 1.239$$

Where POV = Poverty Alleviation, SMEP = Small-Scale Enterprising Financing

The table above clearly reveals that the calculated statistics ( $t = 13.281$ ) is greater than tabulated t-statistics (1.960) at 0.05 levels of significance and n-1 degree of freedom. Therefore, the null hypothesis ( $H_0$ ) is rejected. This implies that small-scale practices will significantly lead to poverty alleviation in Ekiti state.

Small-scale practices correlate significantly with poverty alleviation ( $r = .726, p < 0.05$ ). Small-scale practices contributes to about 53 percent ( $r^2 = .527$ ) variance in poverty alleviation. The remaining 47 percent unexpected variance is largely due to variation in other variables otherwise included in the stochastic error term. The value of the regression constant is 5.853. It implies that holding small-scale financing and other variables constant, the value of poverty alleviation. Durbin-Watson value of

1.239 confirms the presence of serial autocorrelation in the regression model. The overall regression model is statistically significant at 0.05 level of significance in terms of its overall goodness of fit ( $F = 176.389, p < 0.05$ ).

### Conclusions and Recommendations

From the various analyses and review on microfinance and poverty alleviation, a conclusion is therefore drawn to effect that strategic microfinancing remains an indispensable lubricant and the key that aids the growth and survival of small-scale enterprises in Ekiti state.

Furthermore, the growth and survival of small-scale enterprises is a panacea for curbing the increased rate of unemployment and poverty in Ekiti state. Based on the outcomes of this research work, the following recommendations are made:

- Microfinance banks should endeavour to improve on their supervisory capacity. This will ensure that loans obtained by small-scale business owners are not diverted to other unproductive ventures.
- The government should base economic policies targeted towards poverty reduction and generate employment to its teeming populace. Implementation of these micro and macroeconomic policies and programmes coupled with their periodic review and evaluation is highly imperative.
- Microfinance banks and other financial institution should serve as an unbiased umpire in the area of loan disbursement to benefiting small-scale entre-

preneur. The term of payment and accessibility to the loan facilities based on leveled plan ground devoid of partiality, favoritisms, and nepotism.

- Regular workshops and seminars should be organized for microfinance loan beneficiaries. This will help them in the effective management of the business through efficient and strategic channelization of resources towards productive venture and to instil basic business discipline in them.
- The government should provide an enabling business environment.

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