

## Perceived Effects of Saving Mobilization Scheme on Women Income Status in Niger State, Nigeria

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### ABSTRACT

The study examined the perceived effects of saving mobilization scheme on women income status in Niger State, Nigeria. A sample size of 181 women were selected from the state using four-stage sampling technique. Structured questionnaire complimented with interview scheduled were used for data collection. Data were analyzed using descriptive statistics (means, percentages and frequency counts) and Pearson Product Correlation Analysis. The findings revealed that the mean age of women in the study area was 35 years. The mean household size and years spent in formal education were 5 and 6 years respectively. The major informal saving pattern utilized by the respondents are saving with “daily thrift contribution” (92.30%) which ranked (1st), “saving at home” (82.90%) (2nd) and “Esusu” (79.60%) which ranked (3rd) respectively. The semi-formal saving patterns adopted by the respondents include saving in “production and marketing cooperative” (85.60%) which ranked 1st, saving in “savings and credit cooperative” (67.40%) (2nd) while the use of commercial bank (83.40%) as formal means of saving was 1st. The most perceived effects of SMS on women income status where SMS has increased my prowess to secure investment loan ( $\bar{X}=4.91$ ) and SMS through informal and semi-formal sources failed to support my large investment ( $\bar{X}=4.83$ ). It is recommended that officials of SMS should educate women on their respective activities and state in plain terms what members stand to benefit by joining the scheme. This will help in reducing doubts, risks and uncertainties among the women thus enhancing capital accumulation in the scheme and enhance the income status of women.

**Keywords:** *Perceive effects; SMS; Women; Income Status*

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### INTRODUCTION

Saving is a common word used by individuals on daily basis. It implies putting something aside for future use or what will be considered as deferred expenditure [1]. Savings are very imperative for supporting and developing rural enterprises, improving wellbeing, insuring against times of shocks, and providing a buffer to help people cope in times of crisis. Households' savings play an important role in the economic development of both developed and developing nations, due to its significant influence on the circular flow of income in the economy [2]. The ability, willingness and opportunity of households to save and invest over time can therefore significantly influence the rate and sustainability of capital accumulation and economic growth in developing countries [3]. Capital formation through savings mobilization is an important factor in economic growth. Countries that are able to accumulate high level of capital tends to achieve faster rates of economic growth and development [2].

Rural savings have become a back bone of rural development given that accessibility to the capital market and formal financial sectors is quite limited. Rural savings among women could be in different forms such important ones are rotating savings (Esusu), daily contribution (Ajo), cooperative thrifts and credit societies. However, some rural areas that are not too far from big cities have access to the formal financial sectors such as microfinance banks. Nevertheless, Akinbile [4] reported that high level of illiteracy and the financial under-development of the economy accounts for the rapid growth of the informal financial sector.

The importance of the informal financial sector in rural savings mobilization cannot be overemphasized. A study conducted by Adams *et al.* [5] showed that a substantial amount is mobilized monthly through informal savings mobilization. Savings mobilization is positively related to investment, asset acquisition, human development and personal income in the rural areas. Hence, it has the potential to break the generational cycle of poverty, because it allows for assets to be inherited [6].

In Niger, several rural development programmes were introduced such as Agricultural development project, FADAMA, Value chain development programme, Rural finance institution building, which all target women's group to boost their internal savings, and need to adopt savings-led approach for a sustainable rural finance system, however still faced with implementation challenges. The role that women play and their position in meeting the challenges of agricultural production and development are quite dominant and prominent. Their relevance and significance therefore cannot be overemphasized. From donor projects implementation challenges is the inability of the beneficiaries to mobilize adequate savings as requirement to match grant agro-inputs, production and processing machineries and this has adversely affected their outputs and income. Finding from a study financed by Agricultural Transformation Agenda (ATA) [7], revealed that women make up to 60-80 percent of agricultural labour force in Nigeria depending on the region and they produce two-third of the food crops, yet in spite of this, there is wide spread assumption that men-and not women-make the key farm management decisions.

Very low domestic savings rate among women has become a major structural weakness to overcome, a robust rural savings mobilization scheme will motivate the women to increasingly acknowledge the importance of savings in their income and livelihood status, mobilizing resources needed to finance their sustained means of generating income and improved standard of living or welfare status. A documented study on the effects of participation of rural women in savings mobilization scheme (SMS) is limited in the study area, especially the importance of different formal and informal programmes introduced by Nigerian government on income level and its effects on income and livelihood status of women. It is against this backdrop, the research examined the perceived effects of saving mobilization scheme on women income status in Niger State, Nigeria. The specific objectives of the study include: describe the socio-economic characteristics of women in the study area; examine the patterns of savings mobilization schemes engaged by the rural women in the study area, ascertain the perceive effects of participation in savings mobilization scheme on the income status of rural women and to determine the relationship between the level of participation in SMS and income of women in the study areas.

## METHODOLOGY

Niger State is located between Latitudes 8°11'N and 11°20'N and Longitudes 4°30'E and 7°20'E. The State covers an estimated land area of 76,363 Km and has a population of about 5,586,000 people based on national growth rate of 3.2% as at 2017 [8]. The State is agrarian and well suited for the production of arable crops such as cassava, cowpea, yam, and maize because of favourable climatic conditions. States in the central region comprising Niger, Plateau, Benue, Kogi, Nasarawa and the FCT as well as are expected to have between 1100 and 1500mm of rainfall, the raining season starts from May to November with average monthly temperature range from 23°C to 37°C [8]. The fertile soil and hydrology of the State permits the cultivation of most of Nigeria's staple crops. The major crops grown in Niger State includes rice, maize, millet, sorghum, yam and cassava [8].

In order to achieve the study objectives, primary data were collected using four stage sampling technique. In the first stage. The first stage involved purposive selection of two agricultural zones where savings mobilization scheme is implemented in the state (Zones I and III). The second stage involved random selection of two Local Government Areas (LGAs) from each selected agricultural zone to give a total of four LGAs. The third stage involved random selection of three participating villages from each LGA, making a total of 12 villages. The last stage involved proportionate selection of 10% of the population from the sampling frame of the selected villages. In all, a total of one hundred and eighty-one (181) respondents were used for data collection in this study. Descriptive statistics such as frequency counts and percentages were used to achieve the stated objectives. To ascertain the perceive effects of participation in savings mobilization scheme on the income status of rural women, A five point Likert type rating scale of SA=strongly agree (5), A=agree (4), U=undecided (3), D=disagree (2), SD= strongly disagree (1). Weighted Mean (WM) of  $\bar{X} \geq 3$  = Agreed and  $\bar{X} < 3$  = Disagreed.

**Table 1: Study population and sample size**

| State | Agricultural Zone | LGA       | Villages    | Sampling frame | Sample Size (10%) |
|-------|-------------------|-----------|-------------|----------------|-------------------|
| Niger | Zone 1            | Katcha    | Edostu      | 175            | 18                |
|       |                   |           | Badeggi     | 261            | 26                |
|       |                   |           | Emiworo     | 121            | 12                |
|       |                   | Bida      | Bida        | 188            | 19                |
|       |                   |           | Batavovogi  | 132            | 13                |
|       |                   |           | Kupafu      | 87             | 8                 |
|       | Zone 111          | Kontagora | Farinshinge | 75             | 7                 |
|       |                   |           | Kontagora   | 105            | 10                |
|       |                   |           | TungaKawo   | 89             | 9                 |
|       |                   | Wushishi  | Kanko       | 212            | 21                |
|       |                   |           | Wushishi    | 267            | 27                |

|              |          |          |           |             |            |
|--------------|----------|----------|-----------|-------------|------------|
|              |          |          | Lokogoma  | 107         | 11         |
| <b>Total</b> | <b>2</b> | <b>4</b> | <b>12</b> | <b>1818</b> | <b>181</b> |

Source: Niger States Value Chain Dev. Programme (NGVCDP) (2018).

## RESULT AND DISCUSSIONS

### Socioeconomic Characteristics of the Respondents

It is envisaged that participation in income mobilization scheme and its influence on the livelihood status of the participants is related to some socio-economic factors such as farm size, age, educational level, access to credit, income, and membership of women group. Studies revealed generally that socio-economic factors have diverse implications on agro diversity and farmers' livelihood. Factors such as accessibility and use of capital (cash), land (farm size per household), struggling against seasonal food insecurity, response to market forces and off-farm opportunities are the major influencing factors on agro diversity status in the agro - ecological zones which in turn affects farmers income status and livelihood.

The result in Table 2 revealed that the average age of the respondents was 35 years. This finding indicates that the respondents are still young, active and in their productive years there is tendency of pursuing multiple livelihood activities due to their innovativeness and willingness to engage in new ideas that could enhance their economic status hence participating in Savings Mobilization Scheme. In addition, Oyesola and Ademola [9] also reported that savings rate decline among the elderly population who have increasing family responsibilities or may have retired from the labour market. The results in Table 2 also showed that 57.5% of the respondents in the study area were married. This implies that the respondents are likely to have responsibilities attached to marriage and desire to financially support the family against lacking days thus participate in savings mobilization scheme through diverse household economic activities. This result corroborates with the findings of Adeyemo [10] who stated that the involvement of married women in many economic activities in Nigeria enhances their economic and financial level to save.

The results in Table 2 further revealed that the mean household size of the respondents in the study area was 5 persons, implying a relatively large household size. The large household size is likely to influence income diversification strategies thereby, increasing the probability of participation of the households to save against lacking days. This corroborate with the findings of Babatunde and Adebayo [10], who noted that, increase in household size may increase labor availability, which will make it easier for the household to release some members to engage in other off-farm and other income generating activities thus increasing the chances to save. Table 2 equally revealed that about half the number of the respondents in Niger (49.7%) had formal education with an average of 6 years spent in school. This implies that women in the study areas were fairly empowered with primary and secondary education which could enhance the tendency of participating in savings mobilization scheme for their economic activities. Ojobo [11] revealed that education is a catalyst for the promotion and improvement of the status of women, educational level influenced participation in economic activities including cooperative as risk minimizing strategy.

**Table 2: Socio-economic characteristics of women in the study areas (n=181)**

| Variables                | Frequency | Percentage | Mean      |
|--------------------------|-----------|------------|-----------|
| <b>Age (years)</b>       |           |            | <b>35</b> |
| below 20 years           | 6         | 3.3        |           |
| 20-30 years              | 64        | 35.4       |           |
| 31-40 years              | 46        | 25.4       |           |
| 41-50                    | 57        | 31.5       |           |
| Above 50 years           | 8         | 4.4        |           |
| <b>Marital status</b>    |           |            |           |
| Single                   | 39        | 21.5       |           |
| Married                  | 104       | 57.5       |           |
| Divorced                 | 6         | 3.3        |           |
| Widowed                  | 29        | 16.0       |           |
| Separated                | 3         | 1.7        |           |
| <b>Household size</b>    |           |            | <b>5</b>  |
| 5 and below              | 110       | 60.8       |           |
| 6-10                     | 65        | 35.9       |           |
| Above 10                 | 6         | 3.3        |           |
| <b>Formal education</b>  |           |            | <b>6</b>  |
| Yes                      | 90        | 49.7       |           |
| No                       | 91        | 50.3       |           |
| <b>Educational level</b> |           |            |           |
| Non-formal               | 91        | 50.3       |           |

|           |    |      |
|-----------|----|------|
| Primary   | 61 | 33.7 |
| Secondary | 24 | 13.3 |
| Tertiary  | 5  | 2.8  |
| Others    | 0  | 0    |

**Field survey, 2020**

**Patterns of Savings Mobilization Schemes (SMS) Engaged by the Rural Women**

Rural savings have become a back bone of rural development given that accessibility to the capital market and formal financial sectors is quite limited. The Patterns of saving mobilization schemes are methods commonly used for the purpose of saving money by rural women in the study area. The result in Table 3 revealed the pattern of savings engaged by rural women in the study area. Table 3 showed that the major informal saving pattern utilized by the respondents are daily thrift contribution which ranked (1<sup>st</sup>), saving at home (2<sup>nd</sup>) and Esusu (3<sup>rd</sup>) respectively. This result implied that most rural women prefer to save their money where they can easily have control and access to it with little or no bottleneck during the time of need. This result relates with the findings of Arua [12] who reported that rural women rely on traditional patterns of social relations and control of their funds against lacking days. On the other hand, the result in the Table also showed that the semi-formal saving patterns adopted by the respondents include production and marketing Cooperative which ranked 1<sup>st</sup>, savings and credit cooperative (2<sup>nd</sup>) and rotating savings and loans (3<sup>rd</sup>) respectively. While the major formal saving patterns respondents involved in are saving in commercial banks which ranked 1<sup>st</sup>. This result can be collaborated with the findings of Assan *et al.* [13] reported that rural people often prefer savings through semi-formal or informal means due to easy access during emergencies and precautionary reasons.

**Table 3: Patterns of savings mobilization schemes (SMS) (n=181)**

| Patterns of SMS    | Examples of SMS                      | Frequency | Percentage | Rank            |
|--------------------|--------------------------------------|-----------|------------|-----------------|
| <b>Informal</b>    | Esusu                                | 144       | 79.6*      | 3 <sup>rd</sup> |
|                    | Saving at home                       | 150       | 82.9*      | 2 <sup>nd</sup> |
|                    | Daily thrift contribution            | 167       | 92.3*      | 1 <sup>st</sup> |
|                    | Weekly thrift contribution           | 99        | 54.7*      | 5 <sup>th</sup> |
|                    | Monthly thrift contribution          | 67        | 37.0       | 6 <sup>th</sup> |
|                    | Individual saving collector          | 130       | 71.8*      | 4 <sup>th</sup> |
| <b>Semi-formal</b> | Production and marketing Cooperative | 155       | 85.6*      | 1 <sup>st</sup> |
|                    | Savings and credit cooperative       | 122       | 67.4*      | 2 <sup>nd</sup> |
|                    | Village saving and loan association  | 37        | 20.4       | 4 <sup>th</sup> |
|                    | Rotating savings and loans           | 91        | 50.3*      | 3 <sup>rd</sup> |
| <b>Formal</b>      | Commercial banks                     | 151       | 83.4*      | 1 <sup>st</sup> |
|                    | Micro Finance bank                   | 86        | 47.5       | 2 <sup>nd</sup> |

**Field survey, 2020**

**Multiple responses**

**Perceived Effects of SMS on Women Income Status**

The perceive effects of SMS on women income status are measures of feelings or perception on the positive or negative effects of the rural women level of agreement on the effects of participating in savings schemes and the likely income generating opportunities and by extension the level of household income status. The result in Table 4 showed that the major perceived effects of women participation in SMS on income status in the study area include: “SMS has increased my prowess to secure investment loan” ( $\bar{X}$  =4.91) ranked 1<sup>st</sup>, implying that participation in saving mobilization increase has influence on women’s access to soft loan that will enable the smooth running of their investments. “SMS through informal and semi-formal sources failed to support my large investment” ( $\bar{X}$  =4.83) ranked 2<sup>nd</sup>, signifying that saving mobilization does not support women with huge investment and only meant for small scale businesses. “SMS has enabled me to expand my non-farm investment” ( $\bar{X}$  =4.71) and “SMS makes fund readily available to purchase production inputs” ( $\bar{X}$  =4.69) were ranked 3<sup>th</sup> and 4<sup>th</sup> respectively. This implies SMS enable women to diversify into non-farm income activities and more acquisition of farm inputs. This assertion was also supported by Haggblade *et al.* [14] who stated that access to financial services such as savings enables households to invest in activities that are likely to contribute to higher future means generating income and growth.

**Table 4: Perceived Effects of SMS on Rural Women Income Status**

| Perception Statement                                   | SA        | A        | U      | D    | SD     | WM   | Rank            |
|--|-----------|----------|--------|------|--------|------|-----------------|
| SMS has increased my prowess to secure investment loan | 170(93.9) | 6(3.3)   | 5(2.8) | 0(0) | 0(0)   | 4.91 | 1 <sup>st</sup> |
| SMS makes fund readily                                 | 139(76.8) | 37(20.4) | 0(0)   | 0(0) | 5(2.8) | 4.69 | 4 <sup>th</sup> |

|  |           |          |           |          |         |      |                  |
|--|-----------|----------|-----------|----------|---------|------|------------------|
| available to purchase production inputs  |           |          |           |          |         |      |                  |
| SMS has enabled me to expand my non-farm investment                                | 144(79.6) | 31(17.1) | 1(0.6)    | 0(0)     | 5(2.8)  | 4.71 | 3 <sup>rd</sup>  |
| SMS provided soft-landing for my business against risks and uncertainties          | 129(71.3) | 27(14.9) | 10(5.5)   | 15(8.3)  | 0(0)    | 4.49 | 5 <sup>th</sup>  |
| SMS enabled me to check and balance my business transactions                       | 99(54.7)  | 34(18.8) | 30(16.6)  | 18(9.9)  | 0(0)    | 4.18 | 6 <sup>th</sup>  |
| SMS is my business life saver against hazards and emergencies                      | 18(9.9)   | 33(18.2) | 101(55.8) | 19(10.5) | 10(5.5) | 3.17 | 10 <sup>th</sup> |
| SMS decreases the chances of re-investment to earn more income                     | 8(4.4)    | 27(14.9) | 115(63.5) | 16(8.8)  | 15(8.3) | 2.98 | 11 <sup>th</sup> |
| SMS exposes my income to theft and mismanagement                                   | 21(11.6)  | 26(14.4) | 128(70.7) | 2(1.1)   | 4(2.2)  | 3.32 | 7 <sup>th</sup>  |
| SMS drain money from my investment   | 25(13.8)  | 31(17.1) | 97(53.6)  | 27(14.9) | 1(0.6)  | 3.29 | 8 <sup>th</sup>  |
| SMS through formal sources failed my village investment                            | 26(14.4)  | 22(12.2) | 101(55.8) | 27(14.9) | 5(2.8)  | 3.20 | 9 <sup>th</sup>  |
| SMS through informal and semi-formal sources failed to support my large investment | 162(89.5) | 13(7.2)  | 1(0.6)    | 5(2.8)   | 0(0)    | 4.83 | 2 <sup>nd</sup>  |

Sources: Field survey, 2020

Note: SA= Strongly agree, A=Agree, UN=Undecided, D=Disagree, SD=Strongly Disagree

### The Relationship between the Level of Participation in SMS and Income of Women in the Study Area

Pearson correlation analysis was used to test the null hypothesis that there is no significant relationship between participation in SMS and women livelihood status in the study areas. From the result presented in Table 5, the p-value of women level of participation (0.013) in Niger state was positive and significant at 10% probability level thus, increase in women participation in SMS results to probability increase in their income status.

**Table 5: Correlation analysis of level of participation of women in SMS and income status**

| Study Area | Income       | Coefficient | P-value  |
|------------|--------------|-------------|----------|
| NIGER      | Non-farm     | 0.984       | 0.002*** |
|            | Farm         | 0.328       | 0.073*   |
|            | Total income | 0.564       | 0.043**  |

Field survey, 2020

### CONCLUSION AND RECOMMENDATIONS

From the findings, it is obvious that rural women in the study area were in their productive age, married and low literacy level. Women in the study area utilized informal Savings such as daily contribution, saving at home, Esusu, savings and individual saving collector, while the semi-formal and formal utilized were production and marketing cooperative and commercial banks. The most perceived of SMS on women income status were “increased prowess to secure investment loan” and “SMS through informal and semi-formal sources failed to support my large investment”. It is recommended that officials of SMS should educate women on their respective activities and state in plain terms what members stand to benefit by joining the scheme. This will help in reducing doubts, risks and uncertainties among the women thus enhancing capital accumulation in the scheme. The officials of saving initiatives particularly for the formal and semi-formal sources should adopt demand-oriented approach in designing savings schemes by considering the socioeconomic characteristics of the rural women.

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