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Microfinance: A Practicable Antidote to Poverty Reduction in Nigeria

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Abstract
This paper examined the fundamental relevance of microfinance as a practicable antidote to poverty reduction in Nigeria. Countries across the globe are increasingly exploring, developing and utilizing microfinance programs as a viable alternative to poverty alleviation. The aimed to examine the effects of microfinance programs on poverty reduction in the country. It also sought to provide answers to how microfinance programs empower the participants and develop sustainable income. In order to investigate these underlying premises, this study examined empirical evidence in Nigeria to affirm if microfinance is a good poverty reduction strategy. For this purpose, the case of a microfinance institution situated in Nigeria, Grooming Centre was analyzed in relation to its financial services towards the poor in the country, specifically its direct clients. The paper is based on a qualitative case study methodology as the strategy of inquiry with the use of simple descriptive analysis. It argues that microfinance is valid and reliable as a strategy to help people who live in poverty escape from poverty. The paper concludes and recommends areas for future research on proactive measures of mitigating the scourge of poverty and enhancing human security in the country.
Keywords: Microfinance, Poverty, Poverty Reduction, Grooming Centre, Nigeria.

1. Introduction

Most developing countries, especially those in Africa are undoubtedly faced with severe economic hardships and deteriorating levels of economic performance and poverty therefore becomes one of their major problems (Addae-Korankye, 2012). Poverty has become a negative challenge to development in developing countries. In this case, literature has revealed that Nigeria is not an exception, especially since the country attained independence in 1960. Specifically, the level and incidence of poverty is said to have been on the increase since the introduction and implementation of different poverty alleviation programs including the Structural Adjustment Program (SAP) in the 1980s (UNDP, 2010). The widespread of poverty in developing countries has necessitated affected countries to undertake different poverty reduction measures and Nigeria is not an exception in this case. It has been argued that microfinance is the most effective tools utilized to reduce poverty as it provides small loans to the poor people living below the poverty line, creates self-employment projects that earn income for the poor people existence which enables them to uphold themselves and their families (Usman, 2015).

Though poverty reduction has long been a high priority for the Government of Nigeria, microfinance is still an experimental tool in its overall strategies. In 2005, the Central Bank of Nigeria (CBN) introduced the Microfinance Policy, Regulatory and Supervisory Framework with a view to reducing poverty and incorporating poor who operate in the informal sector, as well as poor people with no prior interaction with financial institutions or services, into the formal sector (Acha, 2012). The studies carried out by Nwigwe et al (2012) and Okezie et al (2013) found that enhancing access to formal finance especially credit has a high likelihood of reducing poverty, especially in rural areas and established that microfinance is indeed a strategy of poverty reduction. The implication of these studies is that there is need to make formidable arrangement for supplying more credit to the rural dwellers.

Generally, the impact of microfinance on poverty alleviation has recently gained a prominent position on the microfinance agenda. For instance, donors, practitioners, and academics are realizing that microfinance institutions (MFIs) should concern themselves with more than their ability to reach institutional self-sufficiency. Consequently, the ability to reach and to demonstrate a positive impact on the poorest is now becoming a core principal in poverty-focused financial institutions. Most international discourse on the issues of microfinance and poverty also perceives micro-finance as an approach with a possible potential for poverty reduction and economic empowerment. According to Hussein and Hussain (2003), the growth in the MFI sector was sufficient proof that microfinance was a panacea for poverty. Micro-finance began alleviating poverty several decades ago when organizations in Latin America, Bangladesh, and other developing nations commenced testing the notion of lending small amounts to impoverished people, mostly women. Accordingly, by the 1980s, the success of institutions such as ACCION and Grameen prompted many NGOs and International Organizations to provide micro-finance services.

Microfinance is widely known as a provision of financial services such as credit, saving, deposit, insurance and repayment services to those who are deprived of accessing into conventional financial services because they are poor and they cannot offer collateral (Ledgerwood 1998; Robinson. 2001; Littlefield, Murduch, and Hashemi 2003). The underlying logic is that through extending financial services, low income people will have the ability to participate in the economic market and exploit entrepreneurial opportunities through start-up new businesses extending current business or introducing new activities (Samer et al., 2015). Subsequently, they will be able to combat the poverty and satisfy their households' needs independently and consistently. Creating self employment opportunities is one way of attacking poverty and solving the problems of unemployment. The Scheme of Micro-finance has been found as an effective instrument for lifting the poor above the level of poverty by providing them increased self-employment opportunities and making them credit worthy.

For Maanen (2004:17), 'microfinance is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral'. Poverty is comprehensively described as lack of opportunities, capabilities, sense of voiceless-ness and vulnerability to external shocks (World Development Report, 2000/2001). By this is also meant that poverty reduction strategies aimed not only to create income-earning opportunities, but also must ensure improved capabilities, empowerment of the poor. Poverty reduction is described here as a set of strategies or measures in terms of both economic and humanitarian, that are designed to escape people from poverty. It is also conceived as a short-hand for enhancing economic growth with a view to permanently lifting as the greatest number of people out of a poverty line. In terms of the possible relationship between microfinance and poverty reduction, Bakhtiari (2006) argues that microfinance can be considered as an important element for an effective poverty reduction strategy. It shows that access and efficient provision of microcredit can enable the poor to smooth their consumption, better manage their risks, gradually build their assets, develop their micro enterprises, enhance their income earning capacity, and enjoy an improved quality of life.

This paper opines that poverty constitutes a visible challenge to socio-economic development, especially in a developing country like Nigeria. It is therefore situated in the paper that microfinance is most likely to constitute a practicable antidote to poverty. This paper selected and studied a specific microfinance organization to critically and analytically ascertain the practical impact it has had or could have on the majority of the poor in Nigeria. Consequently, this article becomes relevant and presents an opportunity to contribute new practicable findings and strategies to the existing body of literature on the issues of the relationship between microfinance and poverty reduction, specifically in Nigeria. The debate on the effect of microfinance on poverty reduction is protracted. This paper therefore constitutes a contemporary attempt in finding critical evidences and constructive explanations as regards microfinance and poverty reduction.

1.1 Problem Statement

Despite the positive attention that microfinance has received for many years, and the increasing number of microfinance institutions and borrower numbers worldwide, there is still debate about whether microfinance is really causing a reduction in poverty (Sengupta & Aubuchon, 2008). The problem is also that despite the nation's huge wealth, the poverty level in Nigeria constitutes a clear contradiction. The poverty level in the country has been increasing despite all efforts designed and practiced by Nigerian to reduce poverty. Poverty has constituted a major contending force against the pace of development in Nigeria, especially in the rural areas (Akangbe, Olajide, & Ajayi, 2012). It has remained persistently unabated despite many programs designed and implemented to alleviate it. One of the strategies needed to be designed in order to reduce poverty in Nigeria is microfinance.

1.2 Objectives of the study

The main objective of this study is to examine how microfinance can be used as more effective poverty reduction strategy in Nigeria. To this end, the specific objectives of this study are,

i. to explore whether microfinance programs have empowered the participants; and
ii. to assess whether microfinance programs have developed sustainable income?

1.3 Research Questions

i. How have microfinance programs empowered the participants?
ii. How have microfinance programs developed sustainable income?

1.4 Scope of the study

There are many microfinance institutions in Nigeria. However, this paper limits itself only to a privately owned microfinance institution, Grooming Centre with its geographical scope across the six geopolitical zones of the country. Although the MFI has branches in almost all the 36 states of the federation, the research focuses on its selected South West geopolitical zone branches, specifically in Lagos and Oyo states because of the constraints of time and cost. The microfinance organization mobilizes resources and offers financial services to poor individuals or groups and the entrepreneurial poor in Nigeria. It offers minimal or no access to conventional forms of financial services, and its services are offered widely across the country. The study was conducted within the environment of the microfinance organization and also the participant business centers. Those who received micro financing were interviewed in their individual business center.

1.5 Significance of the study

Microfinance has been viewed as a major way of alleviating poverty via its expansion of services to the poor. It is therefore, important to analyze how microfinance can be used as an effective strategy to poverty reduction and able to realize its intended objectives. Consequently, this paper will contribute to the ongoing debate on microfinance and its impact on the issue of poverty reduction, especially in a developing country like Nigeria. The findings of this study will have several main implications for the academic, microfinance institutions, the policymakers and the poor. The study provides new evidence on the impact of microfinance services on empowerment and income sustainability of the poor. It also attracts attention on how to improve the sustainable livelihood and growth of micro and small businesses that are financed by microfinance. Most importantly, this study provides an insight about the role of microfinance on women empowerment in the urban area of the country.

2. Literature Review and Theoretical Framework

2.1 The Concept of Poverty

It is believed that concept of poverty can be viewed and analyzed from various different perspectives. The lack of academic consensus has resulted in seemingly relative definitions and explanations in various works of authors, researchers and experts. This necessitates the use of different criteria to define poverty. The concept of poverty has been conceived by various scholars and professionals in relation to its different forms. Kurfi (2009) posited that poverty lacks a definite meaning and the term is characterized by many faces depending on how individuals perceive it. In a related view, Momoh (2005) was of the opinion that poverty is a phenomenon with many dimensions, but that the term is particularly related to lack of socio-cultural, political and economic entitlements. Oyeranti and Olayiwola (2005) on their own opined that, poverty in relation to deprivation in essential needs; poverty in terms of inadequacy of socio-economic needs of individuals; and poverty in relation to its difficulty to be objectively determined, constitute the three major areas of focus in the literature in relation to the definition and explanation of the concept of poverty. Their views are partly in line with Adebayo (2009), who viewed poverty as capable of physically and psychologically subjecting its victims to suffering in all ramifications, including hunger, discrimination, socio-political repression and human insecurity.

The Organization for Economic Co-operation and Development (2001) argued that poverty is an encompassing concept characterized with multifaceted deprivations. This supports the idea that poverty is a multidimensional concept. According to European Commission (2004), "people are said to be living in poverty if their income and resources are so inadequate as to preclude them from having a standard of living considered acceptable in the society in which they live. Because of their poverty they may experience multiple disadvantages through unemployment, low income, poor housing, inadequate health care and barriers to lifelong learning, culture, sport and recreation. They are often excluded and marginalized from participating in activities (economic, social and cultural) that are the norm for other people and their access to fundamental rights may be restricted" (p.3). Ogwumike (2001) described the term poverty as an occurrence that characterized a domestic family whereby they are not capable to afford sufficient earnings to acquire essential needs for survival on daily basis such as nutritional food, clothing and education. In addition, Obayelu et al (2006) viewed factors such as physical, emotional and moral pains challenges the poor often experience; and in corroboration, Sen (1999) opined that poor individuals live a life devoid of primary liberties of activities and options as against rich individuals who do not take these factors seriously.

Poverty exists globally and it is viewed as a phenomenon, which affects all nations and afflicts peoples in different ways, times, levels and phases (Oyeyomi, 2003). The most dominant means of measuring poverty, from the views of World Bank (2002), is in accordance with income or consumption line. Accordingly, an individual will be adjudged as poor if he or she is characterized by minimum consumption level considered to be necessary in meeting basic needs falls below 1USD per day. According to the CBN (1999), poverty is "a state where an individual is not able to cater adequately for his or her basic needs of food, clothing and shelter; is unable to meet social and economic obligations, lacks gainful employment, skills, assets and self-esteem; and has limited access to social and economic infrastructure such as education, health, portable water, and sanitation; and consequently, has limited chance of advancing his or her welfare to the limit of his or her capabilities" (p.1).

Based on the available literature on poverty, Hulme, Moore, and Shepherd (2001) identified four factors and their specific characteristics that are believed to be the main causes for poverty.

1. Economic factor: inadequate skills, terms of trade, economic shocks, and low productivity.
2. Social factor: discrimination, health issues, inequality, and lack of trust.
3. Political factor: bad governance, violence, and insecurity.
4. Environmental factor: low-quality natural resources, natural disasters, and remoteness.

2.2 The Concept and Scope of Microfinance

The concept of microfinance, introduced in the 1970s in Southeast Asia and Latin America, has gained importance over the past years in international development policies (Wijnbergen, 2012). Microfinance is simply viewed as basic financial services for poor households or groups of individuals provided by microfinance institutions. The most important part of these financial services consists of providing access to financial resources, examples of which include small loans known as microcredit (Sengupta & Aubuchon, 2008).

Microfinance also entails elements of relationship between poverty eradication and economic development. Schreiner and Colombet (2001) have argued that microfinance is "the attempt to improve access to small deposits and small loans for poor households neglected by banks" (p. 239). According to Olaitan (2001) and Akanji (2006), increased provision of credit, savings, repositories, and other financial services to poor people remains the basic tools of microfinance. This is why microfinance is described as a development process through which basic financial services are provided to small-scale entrepreneurs. The Central Bank of Nigeria (2006) views microfinance as a means of providing financial services including small deposits and small loans in various forms, as well as serving as insurance to household and their micro-enterprises regarded as poor and of low income. The CBN (2006) further states three types of sources in relation to the provision of microfinance services as including formal institutions; semiformal institutions; and informal sources.

According to Egbu, et al. (2006), the goals of MFIs are many and these include the provision of genuine financial services to the poor people; strategic savings for financial interventions; encouraging the poor to contribute to socio-economic development of the country; creation massive employment opportunities; supporting the microcredit program of government; and rendering vital financial services on behalf of various tiers of government. In relation to less developed countries, including Nigeria, microfinance banks have become very relevant and are established to provide basic aims, goals and objectives which, according to Imoisi and Opara (2014), include:

i. Offering financial services to poor individuals;
ii. Organizing funds for the purpose of financial intermediation; and
iii. Generating employment opportunities for the poor and unemployed people.

2.3 Microfinance and Poverty Reduction

The argument here is that microfinance has been found and analyzed as a strategy to reduce poverty wherein easy access to finance is provided to people living in poverty and is thereby improving their living circumstances and their overall well-being. Bakhtiari (2006) believes that microfinance has been accorded a wide recognition as a strategic plan for both the poverty reduction and economic growth, most especially in rural areas characterized with many poor individuals. Consequently, if the poor individuals are provided with small loans at interest rates that are reasonable and affordable, they will have an opportunity to establish their own micro enterprise and escape from poverty level. According to Mawa (2008), microfinance is a modern attempt geared towards alleviating poverty through the provision and availability of its favorable financial facilities to the poor with a view to helping them improve in their micro enterprises and escape from poverty risks and threats. Besides, Knight and Farhad (2008) posited that there is a direct and significant relationship between micro finance programs and improvement in the quality of life and poverty reduction among the poor.

Many scholars have conducted research on the question of whether access to finance has any significant relationship with a reduction in poverty level. Early research by Stiglitz (1993) proved that market failure is one of the most fundamental causes of poverty, especially financial market failure. This type of failure limits the availability of financial resources to the poor due to information asymmetry and the high fixed costs that are charged for providing small-scale loans. Improving access to finance, especially access to credit by providing loans, is therefore necessary to reduce poverty because it will contribute to strengthening the poor's productive assets, which invests in the development of human capital (World Bank, 2001). Jalilian and Kirckpatrick (2002), amongst others, find empirical proof that development of the financial institutions has a verifiable positive impact on poverty reduction in underdeveloped and developing nations.

A literature study by Morduch and Haley (2001) revealed that a reduction in poverty is achieved by microfinance activities through increases in income and has, therewith, a positive effect on income smoothing in a society. According to Imai et al. (2010), productive loans from microfinance institutions have a constructive effect on poverty reduction in rural areas. Besides, it has been argued generally that financial services provided by microfinance organizations would most likely enable the poor take up and sustain entrepreneurial activities, mobilizing savings, increasing their productivity, as well as creating employment opportunities so that they are not worse off than they were before using microfinance institutions (Akangbe et al., 2012). Similarly, Byamuhaya et al (2014) found out that microfinance is capable of influencing economic status and effective in lifting the poor, especially the youth and the middle class out of poverty and bring them above poor living standards.

Various authors such as Wrigth (2000), Adamu (2007), and Irobi (2008) have opined that microfinance is a formidable instrument for hardship alleviation and believed that microfinance could have positive influence on poverty reduction largely because its agenda correlate to basic Millennium Development Goals, especially in relation to Nigeria. Onyeagba (2008) is of the opinion that, in relation to Nigeria, microfinance institutions are established with the purpose of making microcredit loans available to low-income earners and the poor people who are economically active across the country, but who the traditional commercial banks do not reckon with perhaps because of their inability to afford collaterals as may be required by the formal commercial banks before loans can be easily accessed or granted. Babajide & Taiwo (2011) posited that microfinance is designed with a view to ensuring that there is improvement in the socio-economic conditions of individuals with low-income through the provision of financial services such as small loans, skill acquisition through free professional training. Consequently, microfinance program can enable entrepreneurs within a particular area to make use of huge socio-economic opportunities as may be available and accessible in their different localities (Ataguba & Olomosegun, 2012).

Above all, Izugbara (2004) reiterated that a large volume of literature has indicated that microfinance activities are capable of reducing poverty all over the world; but stated that the huge benefits of microfinance programs have not been realized to the full level in Nigeria. Similarly, various authors such as Iheduru (2002) and Mohammed and Hassan (2009) were of the opinion that the efficiency and effectiveness of microfinance activities in relation to poverty alleviation in Nigeria has not been encouraging very minimal due to lack of commitments on the part of government and operators of microfinance institutions.

2.4 Comparative Review of the Impact of Microfinance on Poverty Reduction

The phenomenon of poverty reduction or alleviation has become a relevant issue worldwide, and has occupied large literature. Consequently, authors, scholars, professionals, and donors in their publications have concerned themselves with the capability of microfinance in reducing poverty. Many cross-country studies carried out on the effect of microfinance on poverty reduction revealed results that confirm the positive impact of microfinance activities on poverty reduction. Kai and Hamori (2009) found proof that microfinance has an equalizing effect on people's income, and Imai et al. (2010) found that microfinance is effective in reducing the poverty gap and the poverty head count ratio. Many studies have shown that microfinance has the capacity to reduce poverty in many societies. For instance, In their study of rural families and population in the Philippines to ascertain whether microfinance has significant impact on poverty alleviation or not Kondo (2007) and Kondo et al (2008) discovered that microfinance institutions have significantly positive effects on welfare outcomes and poverty reduction. In a study conducted in Turkey by Gurses (2009), it was revealed that twenty percent of the total population of turkey was at poverty risk as a result of the poverty rate, but found that micro finance is an appropriate strategy of reducing poverty in the country. Kumar, Bohra & Johari (2008) studied the prospects and challenges of microfinance organizations in India and found that the only practical means by which poverty can be reduced in the country is through micro finance sector, and provided this sector can be encouraged to grow vastly.

Khandker (2005) examined 1,638 households in Bangladesh that included both participants of microfinance programs of the Grameen Bank and nonparticipants of any microfinance program. Khandker (2005) found that microfinance is effective in reducing poverty for individuals as well as for the village as a whole by showing an increase in the per capita household income and consumption for both the participants and non-participants. This study was followed by Chemin (2008), who also studied participants of Grameen Bank microfinance programs, but added more detail in the external effects that microfinance programs can have. He found that participants did have significantly higher expenditures than individuals in villages without microfinance programs, but there was no difference between participants and nonparticipants in villages with microfinance programs. This last result confirms Khandker's (2005) conclusion on the positive externalities that microfinance programs can have on a village as a whole.

The only better way to engage in a winning battle against poverty is through microfinance (Shastri, 2009). The author revealed this after a careful study of over twenty four (24) core people suffering from poverty in India, and concluded that microfinance programs are effective enough to make the poor escape from poverty level because it will afford them self-employment opportunities and the status of credit worthiness. In their study of Sub-Sahara Africa, Brownstein, et al (2007) showed that micro finance is a viable instrument for poverty reduction simply because it is performing creditably well, but however mentioned that microfinance may not constitute a sudden panacea to the poverty problems because poverty problem in the region is huge and cannot be solved suddenly or overnight with a seemingly simple tool like microfinance.

In their investigation of 180 randomly selected leaders and coordinators of self-help groups in Vellore province of India, Rajendran and Raja (2010) revealed that microfinance has effectively reduced poverty level among the members of self-help groups; and it has empowered women, created awareness, and ensured sustainability of the environment, all of which have eventually resulted in sustainable development in the nation. Imai, Arun, and Annim (2010) also examined if household's access to microfinance is capable of reducing poverty. These authors made use of national household data from India, and adopted a treatment-effects-model to analyze the poverty-reducing impact of microfinance loans for productive purposes taking investment in agriculture or nonfarm entrepreneurial activities on household poverty levels into consideration, and their findings showed that loans for productive purposes were more important for poverty reduction in rural areas than urban areas.

Ali and Alam (2010) mentioned that microfinance is being developed on a daily basis in Pakistan and has improved the socio-economic status of the poor population in the rural areas of the country. In both Bangladesh and Ethiopia, Tenaw & Islam (2009) showed in their study that micro finance has an essential role to play in improving and sustaining livelihoods of people in rural areas of these countries, especially through the agriculture sector and provided the hurdles such as poor infrastructure and poor technology can be eradicated.

The results of the study carried out by Kah et al (2005) on 10 microfinance organizations in Senegal showed that microfinance sector can bring about a remarkable transformation in the lives of poor people, but failed to show specific activities of microfinance institutions that can result in poverty reduction in the country. In relation to Nigeria, Nwigwe et al. (2012) have mentioned microfinance as a strategic plan for alleviating poverty and found microfinance programs as a potential tool that can enable the poor to live above poverty level through the provision of opportunities for self-employment. Their findings revealed that there was a significant link between microfinance and poverty reduction.

Many authors and researchers have concluded that effective practice and management of microfinance can lead to reduction in poverty level of developing countries. This is based on their observation that the supply of financial services to poor and low-income people has transformed significantly during the past 10 years, and this has improved standard of living and helped poor people to escape from poverty in underdeveloped and developing countries.

2.5 Grooming Centre

The documents of the microfinance company, Grooming Centre revealed that the organization was established in Nigeria with a view to providing financial services to both rural and peri-urban poor people who were economically active (Grooming Centre, 2011:1). The organization was a Non-Governmental Organization (NGO) founded in November 2006, and registered with the country's Corporate Affairs Commission (CAC) with certificate number 118283, with the objective of addressing the near absence of financial services for the large population of economically active poor people engaged in small trading and micro productive activities in many parts of the country. The microfinance organization had demonstrated commitment through its microfinance practitioners to building a vibrant and high growth organization that could play a leading role in improving access to financial services for the poor. It was a membership organization which implemented a radical action program through a range of financial services provided at and delivered to the doorsteps of its clients/members on a sustainable basis. Above all, the microfinance company's services were targeted largely towards women.

The microfinance organization's Annual Report (2014:5) revealed that its vision was to become a leading player in the microfinance market in the microfinance market in Nigeria, by rapidly expanding its market coverage on sustainable basis and, creating comparative wealth for its members/clients; while its mission was to empower the economically active poor by taking a range of tailor made micro financial services to their door step using globally tested best practice methodologies. It was therefore found out that its membership was open to mostly economically active poor women, who were deprived, vulnerable and tended to engage in small economic activities which could be supported by small loans. These activities contributed substantially to improving the condition of their household, particularly those of their children in terms of nutrition, health, education and general welfare.

The philosophy of the microfinance services was based on global best practice approaches as developed by ASA Bangladesh; a global market leader in the provision of microfinance services worldwide (Grooming Centre, 2013:3). The company had since adopted this service delivery methodology is based on international best practices in microfinance delivery, combining it with a good understanding of the local market and cultural practices to achieve the very rapid expansion of its services. The microfinance company's document revealed that this had rendered reasonably poverty reduction results and a very high level of commitment to the delivery of its services, largely based on quality products and processes, to clients at lower transaction costs (Grooming Centre, 2013:3). It was found out that the company had achieved stability and sustainability irrespective of its relatively young age and short period of operation.

The microfinance company was a national institution with an international perspective and was dedicated to mobilizing resources and offering financial services to the entrepreneurial poor that had little or no access to conventional forms of financial services. Subsequently, the company had two standard products through which it conducted its expansion strategy, namely micro loans and savings. The initial or first small loan disbursement used to be N30, 000.00 but was reviewed upwards to N40, 000.00 as at December 2014. The first disbursement of the micro loan was presently N50, 000.00 (US$250) as at the time of writing this report and the prospective client of the organization continued to enjoy the small loan up to the 15th and last stage when the client could get N150, 000.00 (US$750). It was noted that the loan attracted a 15% service charge and both loan and interest were payable in equal installments over a 23-week repayment period (Grooming Newsletter, 2015).

It was revealed that as at December 2014, the microfinance company had covered more than 21 states and the Federal Capital Territory (FCT) out of the 36 states that made up Nigeria; it had 330 branches; 1,784 staff; 23,333 groups/unions; 432,370 active savers; 426,973 active loanees; 99.37% rate of recovery; and 1.05% portfolio at risk (PAR)1-30 days (Grooming Newsletter, 2015:2). Since 2007, the company had been growing at an annual growth rate of over 300%, indicating the successful implementation of its objectives and acceptability of its facilities (Grooming Centre 2013:4). Consequently, the company was rated B+ in Performance rating and 3½ (three and half) Stars rating in Social Performance in 2009 and 2011 by MicroRate, a Washington DC based Rating Agency (Grooming Centre, 2013:3-4; Grooming Newsletter 2013:8). For instance, MicroRate reported at the 2011 Rating that the microfinance institution was an MFI with "high social performance, with clear commitment to the very poor" (Grooming Newsletter, 2013:8). Accordingly, these impressive ratings had motivated the company and helped it to establish partnership with international and national investors to guarantee its future expansion programs. Similarly, the company had emerged as one of the board members of African Microfinance Transparency (AMT) and thus became the first MFI from English speaking Africa to sit on the Board of AMT (Grooming Newsletter, 2013:4). This feat was also viewed as highly significant to the organisation and obviously a huge recognition and visibility for microfinance generally in Nigeria and the company in particular.

2.6 Theoretical Framework

2.6.1 Sustainable Livelihood and Empowerment Theories

Despite the existing literature on the positive effects of microfinance and poverty management, a limited number of scholars have dwelled on the theoretical explanations of the phenomenon of microfinance in relation to poverty reduction. Theoretically therefore, this study argues that microfinance and poverty can be situated in neo-liberalism, participatory development, economic and human resources, individualism, sustainable livelihood and empowerment. None of these theories have however been discussed without some criticisms. The concerns have to do with the practicability of these theories, and this also informs the necessity of this study.

Although there are many theories regarding the discussion on microfinance in terms of its positive effects, the one that is considered to be best suited for this study is sustainable livelihood and empowerment theory. This theory was chosen over the others because it focuses largely on the poor in its analysis and discussion. In their arguments, Chambers and Conway (1991) opined that livelihood conceptually entails the capabilities, assets as well as activities for a means of living. Besides, livelihood is said to be sustainable only when it cannot be affected easily by shocks and stresses, and it can improve its capabilities and assets while preserving the natural resource base.

The sustainable livelihood theory concentrates largely on the poor. It focuses on the extent to which programs and interventions give maximum consideration to people's poverty condition and whether priorities are given to the poverty stricken groups in the process of designing, implementing and scope of the microfinance intervention (Toner et al., 2004). The theory also puts more emphasis on factors such as people, activities, and assets instead of resources or organizations and their effectiveness (Ellis, 1998; Toner et al., 2004). This has encouraged researchers to easily carry out an assessment on the extent of the involvement of the poor in terms of participating in the designing and implementing development programs. In addition, the livelihoods approach has encouraged researchers to consider existing livelihood patterns in the course of assessing development and growth interventions (Scoones & Wolmer, 2003).

Empowerment conceptually means that the poor will become economically empowered when they participate actively in microfinance programs (Hashemi, Schuler, & Riley 1996; Cheston & Kuhn, 2002). It is further argued that poor people can become empowered and independent by belonging into groups, managing their groups by themselves, and gaining adequate control over the means of making and sustaining a living. Particularly, empowerment has been relevant for women who are usually perceived as being marginalized in many developing countries.

3. Research Methodology

The analysis attempts to appraise the Grooming Centre in terms of its institutional design, achievements and impact of the program to see whether microfinance is a good strategy for poverty reduction, specifically in Nigeria. The researcher used a qualitative case study methodology as the strategy of inquiry in this study. The researcher identified the target participants through purposive sampling. This study collected data from the target participants both male and female of various ethnic backgrounds from different regions of the country and who were associated with the same organization. Specifically, this study included approximately 20 participants who were all associated with the same microfinance institution. The participants were the managers/employees (n = 5) and borrowers (*n* = 15) of the microfinance organization. The managers and employees worked for the microfinance organization in either an administrative or direct services capacity while the borrowers were individuals who were granted micro loans by this organization and they then invested their loans in productive trading such as in fruits and vegetables, palm oil production, food production and processing, selling smoked fish, hair-dressing, weaving, and similar endeavors.

Using case study methodology allowed the researcher to obtain data from many non-numerical sources and to convert the data into meaning, to illuminate the case. This study gathered text and visually based data (interview, photographic, and archival data) to better understand the impact that the MFI had on the lives of its member participants. The researcher carried out a qualitative case study method that involved a number of in-depth interviews over a period of time with each case. This study gathered data through interview methods. Case study research uses a combination of coding strategies to organize and make meaning of the non-numerical data. A qualitative analytical procedure was used to analyze, interpret, discuss and explain the data obtained. Interview recordings were converted into written transcripts. These transcripts were analyzed using a combination of pre-determined and emergent coding drawing from several first cycle coding methods including structural, descriptive, and in vivo coding methods (Saldana, 2009).

4. Results and Discussion

Results for Research Question 1: How have microfinance programs empowered the participants? Both the staff and member participants responded to the first research question by describing the company's empowerment programs designed for the clients, and the members describing their experiences as to whether they have been empowered or not by such programs. Questions about the services made available to the organization's borrowers, as well as the extent at which some of the activities put in place by the organization have improved the living standard and empowered the individual participating member were raised during the interview session. The participants shared their individual views by discussing not only the microfinance programs but also the empowerment effects of the programs on their personal life and businesses. It was confirmed from the participants who were members of staff of the microfinance company that their organization has designed various programs through which prospective clients could be empowered. Each of the member participants also affirmed the level at which they have been empowered since they joined this organization.

The results for Research Question 1 were generated by coding and then categorizing the codes according to themes that emerged through the interviews. The data describing organizational empowerment programs as elicited from members of staff participants of the microfinance institution were categorized as: (a) small loan program; (b) individual loan program; (c) festival loan program; (d) asset loan program; (e) spring loan program; (f) clean energy or o-gas loan program; and, (g) IFDC loan program. Findings also explaining empowerment level as elicited from clients of the microfinance company were categorized as: (a) sufficient capital and business expansion; (b) more skills acquisition; (c) personal financial assistance; (d) adequate machineries and equipment; (e) financial independence; (f) giving financial assistance to family members; (g) self-establishment of additional sources of funds; (h) family expenses affordable; (i) ability to empower people via training and finance; and, (j) improved employment and financial status. These themes from both staff and clients participants are further represented on tables 1 and 2 respectively as follows:

Table 1

Number of Staff Participants Identifying themes that Explained Organizational Empowerment Programs

Empowerment Program Themes	Number of Participants (*n* = 5)
Small loan program	11111 (5)
Individual loan program	11111 (5)
Festival loan program	11111 (5)
Asset loan program	11111 (5)
Spring loan program	1111 (4)
Clean energy or o-gas loan program	11 (2)
IFDC loan program	1 (1)

Table 2 *Number of Client Participants Identifying Themes that Explained their Empowerment Level*

Empowerment Themes	Number of Participants (*n* = 15)
Sufficient capital and business expansion	11111111111 11 (13)
More skills acquisition	1111 (4)
Personal financial assistance	111111111111 (12)
Adequate machineries and equipment	111111111 (9)
Financial independence	1111111111 (10)
Giving financial assistance to family members	111111111 (9)
Self-establishment of additional sources of funds	11111 (5)
Family expenses affordable	111111111111 (12)
Ability to empower people via training and finance	1111 (4)
Improved employment and financial status	11111111 (8)

Summary: In line with tables 1 and 2, Participants claimed that empowerment was relevant for them as poor women, and that they had become economically empowered and financially independent when they participated actively in microfinance programs of the company. They also submitted that the financial facilities made available to them by the microfinance organization had helped them to generate employment opportunities for themselves and unemployed people in their environment through empowerment as well as alleviate poverty. The argument of the participants was that empowerment through the microfinance institution had led to increase in production, savings, consumption, and more investment. In relation to the above themes on the empowerment impact of the company's microfinance programs, microfinance is generally viewed by participants as basic financial services for poor households or groups of individuals usually provided by microfinance organizations and it has the capacity to constitute a relationship between poverty eradication, empowerment and economic development.

Results for Research Question 2: How have microfinance programs developed sustainable income? The organization's members of staff who participated in the interview and member participants shared their opinions on the third research question in terms of how the company's programs have developed sustainable income. Issues that were raised during the interview session included: (a) the nature of training provided to the members to generate additional and sustainable income; (b) the rate of increase in the individual member's income and savings; and, (c) the level of improvement in the personal member's current income compared to when they have not become a member of this organization.

While the company's members of staff participants expressed their experiences and opinions as regards the activities put in place by their employer to help clients develop sustainable income, the organization's members independently shared their views on the extent to which these activities have indeed brought about sustainable income or made them to build or embrace a culture of income sustainability. It was affirmed by the respondents that the microfinance company indeed had sustainable income programs for its clients, and the impact of which were also attested to by the participants.

The results for Research Question 2 were generated by coding and then categorized according to themes that emerged through the interviews. Findings explaining organizational programs for sustainable income as elicited from members of staff participants of the microfinance institution were categorized as: (a) pre-loan financial training and orientation; (b) voluntary savings culture introduced; (c) post-disbursement follow up and monitoring; (d) enlightenment on income sustainability; (e) education on business diversification; (f) workshop on income management; and, (g) advice on additional income generation small loan program. Findings also explaining the evidence and level of sustainable income as elicited from clients of the microfinance company were categorized as: (a) acquisition of assets; (b) improved self esteem; (c) business growth and more profits; (d) financial self-reliance; (e) increased productivity and investment; (f) income increase and stability; and, (g) engagement in multiple economic activities. These themes from both staff and clients participants are also represented on tables 3 and 4 respectively as follows:

Table 3 *Number of Staff Participants Identifying Themes that Explained Organizational Programs for Sustainable Income*

Sustainable Income Program Themes	Number of Participants (*n* = 5)
Pre-loan financial training and orientation	111 (3)
Voluntary savings culture introduced	1111 (4)
Post-disbursement follow up and monitoring	111 (3)
Enlightenment on income sustainability	1111 (4)
Education on business diversification	11 (2)
Workshop on income management	111 (3)
Advice on additional income generation	111 (3)

Table 4
Number of Client Participants Identifying Themes that Explained their Sustainable Income

Sustainable Income Themes	Number of Participants (n = 15)
Acquisition of assets	11111 (5)
Improved self esteem	111 (3)
Business growth and more profits	11111 (5)
Financial self-reliance	1111 (4)
Increased productivity and investment	1111111 (7)
Income increase and stability	111111111111 (12)
Engagement in multiple economic activities	1111 (4)

Summary: In line with tables 3 and 4, participants were of the opinion that financial services provided by the microfinance organization enabled them to have sustainable entrepreneurial activities, strong and regular savings, and economic security. They also opined that their livelihood and income was sustainable because they were no longer afraid of shocks and stresses relating to income and consumption. Participants claimed to have improved in their capabilities, assets, productivity, investments and general business growth in the course of identifying with company's microfinance programs. They believed that their participation in the activities of the company had not only reduced poverty in their lives but also brought sustainable income and socio-economic development over their family and households. The themes generated from the participants' opinions justified their claims.

5. Conclusion

This study shows that microfinance is valid and reliable as a strategy to help people who live in poverty escape from poverty. The themes generated from the member participants' opinions in accordance with the microfinance company's programs as reported by the staff participants justified the findings and conclusions in the literature. It has been argued generally that financial services provided by microfinance organizations would most likely enable the poor have sustainable entrepreneurial activities, have stable savings, and economic security (Zeller and Sharma, 1998; Robert, Rosenberg, and Jayadeva, 2004; Akangbe et al., 2012). The argument is concerned with the fact that microfinance activities have the capability to aid the income, assets, productivity, investment and general business growth of members. Jegede et al (2011) show in their findings that microfinance programs have the capability of not only reducing poverty but also bringing sustainable income and socio-economic development. Other scholars, like Wright (2000), Cheston and Kuhn (2002), and Agba et al. (2014) have also argued that microfinance techniques are most likely to result in increased income and empowerment as well as encouraging members to have savings mentality and improve in their economic effectiveness.

Further argument holds that microfinance can generate employment opportunities for the poor and unemployed people through empowerment and alleviate poverty through the provision and availability of financial facilities to the poor (Mawa, 2008; Imoisi and Opara, 2014). It is also evident from the participants views in relation to the above themes that financial services provided by microfinance organizations would most likely enable the poor to start and sustain entrepreneurial activities, mobilizing savings, increasing their productivity, as well as creating employment opportunities so that they are not worse off than they were before using microfinance institutions (Akangbe et al., 2012). Above all and in relation to the above themes on the empowerment impact of the company's microfinance programs, microfinance is generally viewed by participants as basic financial services for poor households or groups of individuals usually provided by microfinance organizations and it has the capacity to constitute a relationship between poverty eradication, empowerment and economic development.

From these findings, it is evident that the participants had considerable experiences and competencies that enable them to report adequate views on their relationship with a microfinance company where they were members or staff, the microfinance programs of the organization, and the impacts of these programs on members. These themes represented the organizational microfinance programs and individual membership experiences in terms of levels of family purchasing power, empowerment and sustainable income and found adequate similar arguments in the literature. First, it was found that poor people could become micro-entrepreneurs and escape from poverty if only they were given a chance through credit facilities. Microfinance was also viewed as a source of financial services for entrepreneurs and small businesses lacking adequate capital. A number of *micro finance* programs highlighted had demonstrated that low-*income* clients could use small and individual loans judicious and productively with a view to paying higher rates of interest for their loans as well as generating and sustaining higher incomes. Though the evidence was mixed in the literature, participants unanimously claimed that microfinance institutions could help *members increase their* incomes, build wealth, assets and security and lift *members* out of poverty.

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