

Factors Enhancing Effective Financial Management of Rural Women in Osun State.

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Abstract: The paper identified factors enhancing effective financial management of rural women in Osun State, Nigeria. Structured interview schedule was administered to one hundred and eighty (180) women who were randomly selected from the three agricultural zones of the State. Appropriate tools were employed to analyse the data collected. Findings revealed that majority of the respondents were married, poorly educated and in their active ages. They engaged in multiple occupations and had multiple financial sources. It also showed that five critical factors enhancing effective financial management of rural women in Osun State, were need satisfaction (factor 1), community influence (factor 2), financial security (factor 3), economic independence (factor 4) and occupational influence (factor 5)

Key words: Rural Women, Financial Management, Effective management and Financial Resources.

INTRODUCTION

Women constitute almost half (49.6%) of the total population of Nigeria. Rural women form the majority (more than 70 percent) of this total population of women and account for a significant proportion of the rural populace^[6]. They play essential and dynamic roles in the rural economic life. They are actively involved in agriculture, which is the basic sector of the rural economy. Among many studies of rural women in Nigeria, Women's Research and Documentation Centre (WORDOC)^[8] and Akor^[1] found that 92 percent of the surveyed Northern rural women gave farming as their primary or secondary occupation. Of this, 74 percent owned or worked their own separate plots.

Egunjobi^[4] reported that over 50 percent of the economically active women in Nigeria engage in one form of agricultural production or the other. Centre for Agricultural and Rural Cooperation^[2] observed that women account for 70 percent of agricultural workers, 80 percent of food producers, 100 percent food processors and 60-90 percent of marketers. Dunstan and Clair^[3] observed that generally, women play a much greater role in the production of food crops than of export-oriented crops and within cropping systems they perform certain tasks, like weeding, fertilizing and harvesting. Jibowo^[5] stressed that women in rural areas do not only assist their husbands in harvesting and carrying farm products from the farm, but also process agricultural products and market them.

Women's role encompasses other sub-sectors of agriculture such as fisheries and livestock production.

They are found to pick forest products like snails, mushrooms, vegetables and spices for sale and household consumption. They are also found in the raising of small ruminants like sheep, goat and local birds. These animals are kept to serve as emergency sources of funds for household and or personal use. Fulani women milk the cows for the production of cheese and yogurt. Women in riverine areas of Nigeria are found to involve in fishing, processing and marketing of fish^[6].

Apart from their involvement in the agricultural sector, the small-scale enterprise also provides income for a large percentage of rural women. While there are great diversities in their involvement in these activities within various States in Nigeria, it is well known that they handle bulk of food processing and preservation^[7]. They also engage in crafts such as cloth weaving, mat weaving, cloth dyeing and soap making. These activities are not undertaken merely for subsistence purposes but also to generate income to meet their personal and household needs.

Statement of the problem: It is evident that rural women play a significant role in rural economic life and rural household welfare, but there is insufficient information on their financial management ability, hence, this paper aimed at identifying factors enhancing effective financial management of rural women.

Objectives of the study: The general objective of the study was to identify factors enhancing effective financial management of rural women in Osun State.

The specific objectives were to:

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- examine the demographic and socio-economic characteristics of women in the study areas.
- identify their sources of financial resources and their characteristics.
- determine factors enhancing their effective financial management.

Methodology: The study was conducted in Osun State, Nigeria. The State comprises three agricultural zones namely, Iwo, Osogbo and Ife/Ijesha. These zones were subdivided into blocks by Osun State Agricultural Development Programme (OSSADEP). Iwo zone has six blocks; Osogbo has eight blocks while Ife/Ijesha has twelve blocks making a total of 26 blocks. Each block was divided into eight cells making a total of 208 cells throughout the state.

A total of nine blocks (two from Iwo, three from Osogbo and four from Ife/Ijesha) were randomly selected. From each block, two cells were selected and two villages were selected per cell making a total of 36 villages. A total of 180 women were selected for interview. The number of women selected per village was determined by the female population size of each selected village. Structural interview schedule was used to collect information from the respondents. Frequency counts and percentages were used to analyze data on demographic characteristics and financial sources of the women while factor analysis was used to identify crucial factors enhancing effective financial management.

Measurement of variables:

- Demographic and socio-economic characteristics: Respondents were asked to provide data on their age, marital status, years spent in formal school, occupation and household size.
- Financial sources: Respondents were asked to list all their sources of income.
- Factors affecting financial management: Respondents were asked to indicate the variables they considered to be affecting their financial management. These variables were subjected to principal component analysis. The variables with Eigen value greater than one were named as factors. Hence five factors were isolated.

RESULTS AND DISCUSSIONS

A. Demographic and socio-economic characteristics of respondents:

Age: Data in Table 1 show that majority (86.1%) of the respondents were between 26 and 55 years of age and their mean age was 43.42 years. The implication of this finding is that these women are still in their active ages and are strong enough to engage in several income generating activities, thus, they should be encouraged to effectively manage their finance.

Table 1: Distribution of respondents by their demographic and socio-economic characteristics.

Characteristics	Frequency	Percentage
Age		
Less than 25 years of age and below	4	2.2
26 – 35 years	34	18.9
36 – 45 years	68	37.8
46 – 55 years	53	29.4
56 & above	21	11.7
Total	180	100
Marital status		
Single Married	162	90
Married Widowed	9	5
Divorced Single	3	1.7
Widowed divorced	3	1.7
Separate	3	1.7
Total	180	100.0
External orientation		
Other farms in the village	6	3.3
Other villages in the local government	41	22.8
Other villages in other neighbouring local government	81	45.0
Other states in the country	52	28.9
Other country of the world	-	-
Total	180	100.0
1.4. Years spent in formal school		
No formal Education	97	53.7
1 – 6 years	48	26.7
7 – 12	26	14.4
13 years and above	9	5.0
Total	180	100
*Occupation		
Farming	158	87.8
Processing	139	77.2
Trading	139	77.2
Crafts	48	26.7
Wages/Salary	32	17.8
Household size		
1 - 5	44	24.4
6 – 10	125	69.4
11 – 15	10	5.6
16 – 20	1	0.6
Total	180	100
Farm Size (Acres)		
2.5 and below	126	70.5
2.6 – 5.0	25	13.9
5.1 – 7.5	4	2.2
7.6 and above	1	0.6
None farmers	24	12.8%
Total	180	100

* Multiple responses

Marital status: Majority (90%) of the respondents were married. This implies that they were responsible for managing their families; hence, they must be prudent in financial management.

Years spent in formal schooling: Majority (53.9%) of the respondents had no formal education while very few (19.4%) spent more than 6 years in school. This implies that opportunity for their enlightenment is not encouraging.

Occupation: Multiple responses were observed from the respondents with farming (87.8%) being the most popular occupation followed by processing (77.2%), trading

Table 2: Distribution of respondents by their financial sources.

Sources	Frequency	Percentage
Occupation	180	100
Husband	157	87.2
Relatives	155	86.1
Friends	154	85.6
Contributions	149	82.6
Traders	124	68.9
Cooperative Societies	118	65.6
Religious Groups	116	64.4
Women's Associations	92	51.1
Money Lenders	28	15.6
Banks	8	4.4

*Multiple responses.

Table 3: Distribution of respondents by characteristics of their income.

Characteristics	Frequency	Percentage
Time interval		
No specific interval	124	68.9
Seasonal	39	21.6
Daily	12	6.7
Weekly	1	0.6
Monthly	4	2.2
Total	180	100.0
Predictability		
Not predictable	168	93.3
Predictable	10	5.6
Very predictable	2	1.1
Total	180	100.0
Mode of Spending		
Use it immediately to buy personal need articles	12	6.7
Use it immediately to buy household needed items	117	65.0
Give it to my husband	-	-
Save it	6	3.3
Plan it	45	25.0
Total	180	100.0

Source: Field survey, 2004.

(77.2%), crafts (26.7%) and wage/salary employment (17.8%) in descending order. This shows that rural women usually engaged in multiple occupations at a time.

Household size: Majority (75.6%) had more than five people in their household. The implication is that the larger the household size, the higher the number of financial responsibilities to be met, hence the need per effective financial management.

B.Sources of financial resources: Data in Table 2 show that the respondents had multiple financial sources. All (100%) of the interviewed women obtained money from their occupation, 87.2% from their husbands, 86.1% from relatives, 85.6% from friends, 82.8% from contributions, 68.9% from trading, 65.6% from cooperative societies, 64.4% from religious groups, 51.1% from women's association, 15.6% from money lenders and 4.4% from banks. This implies that their financial accessibility is encouraging.

C. Characteristic of rural women's income:

i.Time interval: Data show that majority (68.9%) of the respondents indicated that they had no specific interval of obtaining their income, few (21.6%) obtained their income seasonally, very few (6.7%) obtained their income daily, while 2.2 percent indicated monthly income, 0.6 percent indicated weekly basis (Table 3).

The findings reveal that majority of the women who indicated that they obtained their income seasonally and at no specific intervals were those who obtained the highest proportion of their income from farming and processing, while those indicated daily, weekly and monthly income probably were mainly traders, wage earners and craft workers. This is an indication that the types of occupation the women were engaged in usually determined the regularity of their income.

ii.Predictability: Data in Table 3 show that most (93.3%) of the women indicated that their income cannot be predicted (i.e. there is fluctuation in the amount they realized from time to time) few (5.6%) indicated predictable income, while few (1.1%) indicated very predictable income. The nature of occupations the respondents engaged in could responsible for this observation; for instance the income of those who engaged in farming (which depends on weather condition) may not be predictable as they can experience bumper harvest and higher income when weather condition is favourable than when it is otherwise, whereas those engaged in trading or wage/salary jobs may enjoy relatively predictable income.

iii.Mode of spending: Most (71.7%) of the respondents indicated that they used income immediately they realized it to buy their personal and household needed articles, some (25%) indicated that they planned the use of their income while few (3.3%) saved their income because their husbands provided for the household needs. None indicated that they gave their income to their husbands (Table 3). This finding corroborates who observed that rural women's income is usually irregular, unpredictable and that they use it almost immediately to buy food or other needed items, as a result, they do not always have the chance to develop the concept of an income they earn.

D.Factors enhancing effective financial management:

Data in Table 4 show the result of principal component analysis with the higher values of factors enhancing effective financial management. The most crucial factors with higher values greater than one were considered and retained in the analysis.

Data in Table 5 show the variables that were loading high under each of the five factors extracted. The factors

Table 4: Result of principal component analysis showing the initial Eigen values of factors enhancing effective financial management of rural women.

Factors	Eigen value sums of squared Loadings			Rotation sums of squared Loadings		
	Total	Variance	% of Cumulative%	Total	variance	% of Cumulative%
1	2.944	13.382	13.382	2.410	10.955	10.955
2.	2.185	9.933	23.315	2.176	9.889	20.845
3.	2.106	9.573	32.888	2.171	9.868	30.713
4.	1.931	8.776	41.663	2.016	9.162	39.875
5.	1.523	6.924	48.587	1.917	8.713	48.587
Other Factors	<1.000	-	51.413	<1.000	51.413	100.0

Source: Calculated from data collected from field survey, 2004.

Table 5: Result of principal component analysis sharing variables that were loading high under each of the factors extracted.

Variables	Factor 1	Factor 2	Factor 3	factor 4	Factor 5
Ownership of land	0.660*	-	-	-	0.387*
Building a house	0.507*	0.311*	0.288*	-	0.478*
Buying a car	0.238**	-	-	-0.256*	-
Raising healthy Children	0.546*	-0.290*	0.209**	-	-
Providing good education	0.563*	-0.267*	-	-0.417*	-
Savings for emergencies	0.650*	-	0.355*	-	-
Establishing personal					
Business	0.474*	-	0.403*	-0.253**	0.266*
Debt free	-	0.209**	0.508*	-0.447*	-
Regular payment of house					
Rent	-	-0.262*	0.385*	0.423*	-0.320
Personal feeding and clothing	-	-	0.382	0.617*	-0.208**
Location	0.495*	0.375*	-0.588	-	-
Age	-	0.331*	-	0.352	-
Marital status	-0.235**	-	-0.305*	-0.539	0.361*
Occupation	-0.241**	-0.399*	0.360*	-	0.531*
Farm size	-	-	-0.285*	0.532*	0.257*
Accessibility of financial					
Resources	-	0.336*	0.558*	0.271*	-
Years of schooling	0.423*	0.543*	-	-	-0.202**
Household size	-	-	-0.379*	-	0.199**
External orientation	-	0.448*	-	-	-0.396*
Religion	0.301*	0.499*	-	-	-

Table 5: Continued

Community perception	0.268*	0.569*	-	-	-0.344*
Eigen value	2.944	2.185	2.106	1.931	1.523
Percentage of variance	13.4	9.9	9.6	8.8	6.9
Cumulative	13.4	23.3	32.9	41.7	48.6

*Values significantly contributed to the factors at 0.01 level

** Values significantly contributed to the factors at 0.05 level

Critical value at (0.05) (178 = 0.1946 and (0.01) (178) = 0.2540

Source: Field Survey, 2004

Table 6: Factor analysis showing variables contributing to factors associated with effective financial resource of rural women.

Factors and contributing variables	L	L ²	λ
1. Need satisfaction			
Ownership of land	0.660	0.4356	2.3788
Building a house	0.507	0.2570	
Raising health children	0.546	0.2981	
Providing good education for children	0.563	0.3170	
Saving for emergencies	0.650	0.4225	
Establishing personal business	0.474	0.2247	
Location	0.495	0.2450	
Years of schooling	0.423	0.2450	
Eigen value	2.944		
Percentage of variance cumulative	13.4		
2. Community influence			
Community perception	0.569	0.324	1.485
Years of schooling	0.543	0.295	
External orientation	-0.448	0.201	
Religion	0.499	-0.201	
Establishing personal business	0.403	0.162	
Location	0.375	0.141	
Accessibility to financial resources	0.336	0.113	
Eigen value	2.185		
Percentage of variance cumulative	23.3		
3. Financial security			
Debt free	0.508	0.258	1.609
Location	-0.588	0.346	
Regular payment of house rent	0.385	0.148	
Occupation	0.360	0.130	
Saving for emergencies	0.355	0.126	
Personal feeding and clothing	0.382	0.146	
Accessibility to financial resources	0.558	0.311	
Household size	-0.379	0.144	
Eigen value	2.106		
Percentage of variance cumulative	32.9		
4. Economic independence factor			
Personal feeding and clothing	0.617	0.381	1.632
Marital status	-0.539	0.291	
Farm size	0.532	0.283	
Debt size	-0.447	0.200	
Regular payment of house rent	0.423	0.179	
Providing good education for children	-0.417	0.174	
Age	0.352	0.124	
Eigen value	1.931		
Percentage of variance cumulative	41.7		
5. Occupational influence factor			
Occupation	0.531	0.282	0.919
Building a house	0.478	0.228	
Ownership of land	0.387	0.150	
External orientation	-0.396	0.157	
Regular payment of house rent	-0.320	0.102	
Eigen value	1.523		
Percentage of variance cumulative	48.6		

L = The loading for factors

L² = The square of loading factors

λ = The latent root of the factors (Summation of the square of loading

retained were named based on the variables that loaded highest on each factor and the similarity of the features of the variables contributing to the factors. The five factor extracted were: need satisfaction (factor 1), community influence (factor 2), financial security (factor 3), economic independence (factor 4) and occupational influence (factor 5).

Need satisfaction (factor 1): Data in Table 6 show that the variables that were found to contribute significantly to need satisfaction as a factor were; ownership of land (L=0.660), building a house (L=0.507), raising healthy children (L=0.546), providing good education for children (L=0.563), savings for emergencies (L=0.650), establishing personal business (L=0.474), location (L=0.495) and years of schooling (L=0.423).

Community influence (factor 2): Data in Table 6 show that community perceptible (L=0.569), years of schooling (L=0.543), external orientation (L=-0.448), religion (L=0.499), establishing personal business (L=0.403), location (L=0.375) and accessibility to financial resources (L=0.336) were the variables that were found to contribute significantly to community influence factor.

Financial security (factor 3): Data in Table 6 show that the variables that were found to contribute significantly to financial security were; debt free (L=0.508), location (L=-0.588), regular payment of house rent (L=0.360), savings for emergencies (L=0.355), personal feeding and clothing (L=0.382), accessibility to financial resources (L=0.558) and household size (L=-0.379).

Economic independence (factor 4): Data in Table 6 show further that personal feeding and clothing (L=0.617), marital status (L=-0.539), farm size (L=0.532), debt free (L=-0.441), regular payment of house rent (L=0.423), providing good education for children (L=-0.417) and age (L=0.352) were the variables which contributed significantly to economic independence as a factor.

Occupational influence (factor 5): Data in Table 6 show that occupation (L=0.531), building a house (L=0.478), ownership of land (L=0.387), external orientation

(L=-0.396) and regular payment of house rent (L=0.320) were the variables found to contribute significantly to occupational influence factor.

Conclusion and recommendations: The study revealed that majority of the respondents were in their active ages, married and poorly educated. They engaged in multiple occupations with farming ranking highest and had multiple financial sources. It also showed that five crucial factors that greatly enhanced effective financial management of the women were need satisfaction, community influence, financial security, economic independence and occupational influence.

Based on the afore-mentioned findings, the following recommendations were made:

- Adult literacy programme should be emphasized among rural women and all cultural prejudice against female education should be dealt with.
- It is not enough to know how to generate money, but also how to manage the money generated effectively, hence, financial management training should be organized for rural women to enhance their money management skills.
- Modern saving facilities should be readily available in the rural areas.

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