

# Impact of Microfinancing in Nueva Ecija

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**Abstract**— *There are significant disparities between ASEAN's ' business ' economies, both in the incidence of deprivation that could promote microfinance initiatives as a solution to disadvantage, and in the balance between private and public participation in the process. The study described the impact of Micro Financing to the business industry in terms of: Impact on per capita income, expenditure, and savings on business and family; Impact on other loans and personal savings; and Impact on the number of enterprises and employment. Survey questionnaire with liker-type scale questions were used in the study. The finding of the study in summary to the aspects is that there is a positive impact of microfinancing to Family and Business industry.*

**Keywords**— *Microfinancing, Impact, Loans, Savings, Microfinance.*

## I. INTRODUCTION

There are significant disparities between ASEAN's ' business ' economies, both in the incidence of deprivation that could promote microfinance initiatives as a solution to disadvantage, and in the balance between private and public participation in the process. According to Conroy (2003), Deepening problems in the financial sector give rise to equity and participation concerns, at least from the perspective of microfinance. Evidenced by Peque (2005), he concluded that most with relatively low incomes, subject to the acceptability of loan agreements, meant interest in forestry microfinancing if it ever becomes available.

Sarmiento et al. (2013) stated that providing access to capital through microfinance is one of the solutions to alleviating poverty. Further, Nanayakkara (2012) stated that Microfinance institutions (MFIs) have risen in popularity over the past three decades as an effective tool for poverty reduction in developing countries.

According to Angeles et al. (2019), by optimizing access to finance for investment, the mediating impact of microfinancing may result in expansion. Moreover, Campbell (2010) concluded that by linking groups of poor individuals to lending institutions or wealthy individuals in developed countries, micro-credits have been able to foster strengthening local economies, which are required to absorb life-improving technologies, while at the same time posing minimal risk to the lending party.

Asia's microfinance sector continues to evolve with a focus on efficiency and strong outreach growth stated by Llanto and Badiola (2009). With the foregoing insights, the

researcher found the topic interesting to assess the impact of microfinancing in Nueva Ecija.

## II. CONCEPTUAL FRAMEWORK

According to Goldberg (2005), his literature review on measuring the impact of Microfinance provided a wide range of evidence that programs for microfinance will raise wages and bring families out of poverty. Microfinance exposure will improve the nutrition of children and increase their school enrollment levels, among many other outcomes.

On the contrary, ADB (2007) concluded in the Effect of Microfinance Operations on Poor Rural Households and the Status of Women that projects conducted using loans from micro-credit programs were unable to generate enough income to raise household income, as it was not the most appropriate approach to poverty eradication.

Thus, this research study is mostly anchored in the study of Orbeta et al. (2008) entitled "Impact of microfinance on rural households in the Philippines" which concluded that The impact of the availability of program loans on per capita income is shown to be positive and mildly significant and another significant impact of the program is making program clients busier with larger number of enterprises engaged in.

## III. OBJECTIVES OF THE STUDY

The study described the impact of Micro Financing to the business industry in terms of: Impact on per capita income, expenditure, and savings on business and family; Impact on other loans and personal savings; and Impact on the number of enterprises and employment.

**IV. METHODOLOGY**

The descriptive method was used by the researcher. It described the nature of the phenomenon under investigation of current trends, practices, and conditions were related to that phenomenon. Its results are comprehensive presentation and interpretation of statistical tabulations of data yielded by a survey. (Gall et al., 2007)

Weighted mean, on the other hand, was employed to assess the level of impact of microfinancing in terms of impact on per capita income, expenditure, and savings on business and family; Impact on other loans and personal savings; and Impact on the number of enterprises and employment.

**V. RESULTS**

Based on the results of Table 1, the statement, “Microfinancing helped me in my family and business expenses” garnered the highest weighted mean of 3.16 with the verbal interpretation “Strongly Agree,” while the statement, “helped me in providing for my family” got the least weighted mean of 2.86 with the verbal interpretation, “Agree.”

*Table 1. Impact on per capita income, expenditure, and savings on business and family*

	WM	VI
Microfinancing...		
1. helped my business because of additional capital.	2.89	Agree
2. helped my business because of additional assets.	2.87	Agree
3. helped me in business expansion.	2.92	Agree
4. helped me in my family and business expenses.	3.16	Strongly Agree
5. helped me in providing for my family.	2.86	Agree
<b>Average Weighted Mean</b>	2.94	Agree

Based on the results of Table 2, the statements, “Microfinancing increased my profit and savings for other necessities”, and, “Microfinancing lessen my other liabilities to other companies” both garnered the highest weighted mean of 3.13 with the verbal interpretation “Strongly Agree,” while the statement, “helped me save money for emergency purposes” got the least weighted mean of 2.67 with the verbal interpretation, “Agree.”

*Table 2. Impact on other Loans and Personal Savings*

	WM	VI
Microfinancing...		
1.helped me save money for emergency purposes	2.67	Agree
2. increased my profit and savings for other necessities.	3.13	Strongly Agree
3. lessen my other liabilities to other companies.	3.13	Strongly Agree
4. helped me in allocating funds to financial and educational plan for my family.	2.74	Agree
5. helped me allocate funds for fortuitous events and future use.	2.75	Agree
<b>Average Weighted Mean</b>	2.88	Agree

Based on the results of Table 3, the statement, “Microfinancing helped me build my own business” garnered the highest weighted mean of 2.93 with the verbal interpretation “Agree,” while the statement, “increase the number of workers in my family” got the least weighted mean of 2.68 with the verbal interpretation, “Agree.”

*Table 3. Impact on number of Enterprise and Employment*

	WM	VI
Microfinancing...		
1. helped me build my own business.	2.93	Agree
2. helped me find a job because of the increasing number of enterprises.	2.68	Agree
3. increase the number of workers in my family.	2.65	Agree
4. helped me on my business expansion	2.78	Agree
5. helped me provide employment to other people.	2.74	Agree
<b>Average Weighted Mean</b>	2.76	Agree

*Table 4. Summary of impact of Microfinancing to the Family and Business Industry*

Factors	Average Weighted Mean	Verbal Interpretation
1. The Impact of per capita income, expenditure, saving and expenditure on food.	2.94	Agree
2. The Impact on other loans and personal savings;	2.78	Agree
3. Impact on the number of enterprises and employment.	2.77	Agree

Table 4 presents the impact of Micro financing to the Family and Business Industry in Cabanatuan City. The Impact of per capita income, expenditure, saving and expenditure on food got the highest weighted mean of (2.94) with a verbal interpretation of "Agree" while Impact on the number of enterprises and employment got the lowest weighted mean of (2.77) with a verbal interpretation of "Agree" also. This implies that the majority of the respondents are mostly affected in the Impact of per capita income, expenditure, saving and expenditure on food.

## VI. CONCLUSION AND DISCUSSION

Based on the findings, the following conclusions were drawn: in terms of Impact on per capita income, expenditure and savings on business and family, microfinancing has a positive impact with the weighted mean of 2.94 and verbal interpretation of Agree; in terms of impact on other loans and personal savings, microfinancing has a positive impact with a weighted mean of 2.88 with the verbal interpretation of Agree; and, in terms of impact on number of enterprise and employment, microfinancing has a positive impact with a weighted mean of 2.76 with the verbal interpretation of Agree. The foregoing results can be concluded that microfinancing has a positive impact to the Family and Business Industry in Nueva Ecija.

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