Analysis of Poverty Profiles and Socioeconomic Determinants of Welfare among Urban Households of Ekiti State, Nigeria

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Abstract: The study focused on assessment of household poverty and welfare among households in Ekiti State, Nigeria. Using a multistage sampling approach, a total of 80 households were selected and interviewed with the aid of well structured questionnaire. Data collected were subjected to analyses such as descriptive statistics, poverty index and multiple regression analysis. The result revealed the 38.30 percent of the households covered by the study were poor and would have to mobilize financial resources up to 41.80% of 1 US Dollar (₦130) per day (for each household member) to be able to escape poverty. Female headed households in the study area appear to be more vulnerable to income poverty with poverty incidence, depth and severity of values 0.221 and 0.239, 0.402 and 0.191, respectively. Highest levels of poverty were found among household with 7-9 dependants with values 1.00, 0.715 and 0.511 for the incidence, depth and severity of poverty respectively. Educational levels of household head and spouse, gender of household head and dependency ratio are factors that exact significance influence on household welfare. In order to reduce poverty and promote peoples’ welfare, policies that would promote employment opportunities; educational status of household head, spouse and household members as well as efforts to enhance women access to more productive resources and investment in infrastructural development are recommended.

Key words: Ekiti State, households, Nigeria, poverty index, poverty profiles, welfare

INTRODUCTION

Poverty is one of the most serious manifestations of human deprivation and is inextricably linked to human capital development; it is thus an issue of global concern. Poverty is a plague afflicting people all over the world and it is considered one of the symptoms or manifestation of underdevelopment. Poverty encompasses inadequate income and denial of the basic necessities such as education, health services, clean water and sanitation (World Bank, 2007) which are essential for human survival and dignity. Onibokun and Kumuyi (1996) in their study on urban poverty argue that poverty is linked to a shortage of vital resources and the endurance of harsh and inhospitable environment, including the breakdown of economics, demographic, ecological, cultural and social systems. Gass and Adetunumbi (2000) asserted that poverty denies its victims the most basic needs for survival, such as food, water, clothing and shelter. Poverty manifests itself not only in economic deprivation but also in terms of an individual’s inability to access basic social amenities (CBN/World Bank, 1999). A concluding definition recognizes poverty as a way of live characterized by low calorie intake, inaccessibility to adequate health facilities low quality education system, low income, unemployment, and under employment and inaccessibility to various housing and societal facilities (Onibokun and Kumuyi, 1996).

No developing country can afford to ignore the phenomenon of urbanization, which will be one of the strongest social forces in coming years, especially in developing countries. Urban population in the developing countries is growing faster than that of the rural population. This has been attributed among others, to rural-urban migration and the rapid transformation of rural areas to urban places. There is the possibility that urban population growth rate will increase by almost twice that of the world’s population growth rate between 2003 and 2030 (United Nations, 2004). According to Ruel et al. (1998), data from eight countries containing approximately two-thirds of the developing world’s people suggest that the locus of poverty is shifting from rural areas to urban areas. The data show that in seven (Nigeria inclusive) out of the eight countries, the share of the poor people in urban areas is increasing. In Nigeria, the incidence of poverty has been on the increase. It rose from 28.1% in 1980 to 46.3% in 1985 and to 65.6% in 1996 (National Bureau Statistic (NBS), 2006). Even though it fell to 54.4% in 2004, the population of Nigerians living in poverty has been on the increase. It rose from 18.26 m in 1980 to 34.37 m in 1985 to 67.11 m in 1996 and was put at 68.70 in 2004 (NBS, 2006) with
Materials and Methods

Study area: The study area is Ado-Ekiti, the capital of Ekiti State, Nigeria, between January and March, 2008. The study area lies between latitude 7°15' and 8°07' North of the equator and longitude 4°47' and 5°45' East of the Greenwich meridian. It has a mean annual temperature of about 27°C, and a mean annual rainfall of about 1400 mm with vegetation mainly rainforest. The soil is largely rich in organic minerals thereby making the study area a major producer of food crops such as rice, cassava, yam, and maize (EKCPRA, 2002). Ado-Ekiti is made up predominantly of the Yoruba ethnic group with a few other ethnic groups. The indigenous populations are more or less homogenous groups who speak same language with minor dialect differences. There are other tribes that co-exist with each other. The dwellers in the study area are mainly civil servants as well as those with private establishments who are also engaged in agriculture for their living.

Method of data collection: Data was sourced from two main sources - primary data through personal interviews with the aid of structured questionnaire, which was the major source of data of for the study and secondary data from journals, books, and other sources.

Sampling procedure: Multistage sampling technique was employed to select eighty households in the study area. The first stage was the random selection of five political wards from the thirteen wards in the study area. The second stage featured another simple random selection of two streets from each political ward. This made up a total number of ten streets. The third stage involved a systematic random sampling of eight houses from each street; making a total of eighty houses. The last stage was the purposive selection of one household (each) from each of the houses, making a total of eighty households. Questionnaire was administered mainly to households’ heads, but other household members were allowed to provide relevant information which could not be adequately supplied by the households’ heads.

Poverty assessment: This was determined by adopting the FGT poverty index developed by Foster et al. (1984), which has found wider application in scholarly works (Appleton, 1996; Ayinde et al., 2002). The model is a class of additively decomposable measure of poverty. The measure subsumes the headcount index and the poverty gap, and provides the distributional sensitive measure through the choice of a poverty aversion parameter “α”; the larger the value of the “α”, the greater the weight given by the index to the severity of poverty (Anyawu, 1997).

The general specification of the model is given below:

\[ P_{a,i} = \frac{1}{N} \sum_{i=1}^{m} \left( \frac{z - y^*_i}{Z} \right)^{\alpha} \]

where; \( y^*_i \), \( y_i \) if \( y_i \leq z \) and \( y^*_i = Z \) if \( y_i > Z \)

\( P_x = \) Foster Greer and Thorbecke index (0 ≤ \( P_x \) ≤ 1)

\( N = \) Total number of the sampled households under consideration

\( z = \) Poverty Line (1 US Dollar per day (₦130))

\( y_i = \) Daily per capita expenditure of ith household

\( \alpha = \) FGT parameter (\( \mu \geq 0 \))

\( i = \) individual household

The \( \alpha \) takes on a value of 0, 1, 2, with different implications:

When \( \alpha = 0 \), it measures poverty incidence. This translates to the headcount ratio (Anyawu, 1997), that is the proportion of the households below poverty level.
When \( \alpha = 1 \), it measures the depth of poverty or poverty gap; that is the proportion of the poverty threshold (line) that an average poor household will require to attain to the poverty line. When \( \alpha = 2 \), it measures the severity of poverty; that is how serious poverty is. It gives more weight to the poorest. The closer the value is to 1, the higher the seriousness of poverty. For this study, the widely used US dollar (₦130) per day was used as the poverty line. Consequently, a household is considered to be poor if the household’s per capita expenditure per day is lower than the poverty line of US dollar (₦130) per day as at the time of data collection.

**Welfare model:** The Ordinary Least Square Multiple Regression was employed to analysis the various socio-economic factors influencing household welfare in the study area. Empirical studies have shown that household per capital expenditure can provide insight into economic welfare or the living condition of household’s especially in the situation where the major proportion of household income comes from the informal sector. Scholars such as PMS (2001), Okojie (2002) and Benson and Mukherjee (2003) have modeled the determinant of household welfare by using the per capita household expenditure/consumption as dependent variable and other household characteristics and/or community factors as the independent variables. The welfare model is as specified:

\[
\text{LnY} = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + b_6X_6 + b_7X_7 + b_8X_8 + b_9X_9 + b_{10}X_{10} + \cdots + b_nX_n + e
\]

\( Y \) = Household per capita expenditure (Naira)
\( X_1 \) = Educational status of household head (years)
\( X_2 \) = Educational status of household head (years)
\( X_3 \) = Household age head (years)
\( X_4 \) = Gender of household head (1 = female, 0 = male)
\( X_5 \) = Remittance dummy (1 = if household received 0 = otherwise)
\( X_6 \) = Household head’s major occupation (1= salary/wage earner, 0 = non-salary earner)
\( X_7 \) = Dependency ratio (the ratio of those that are not gainfully employed (i.e., not earning income) to those that are gainfully employed (earning income) within the household
\( e \) = Error term

**RESULTS AND DISCUSSION**

**Living status of households in Ado-Ekiti, Ekiti state:**

The housing conditions of a household provide good indicators of welfare measurement. The result (Table 1) shows that majority (43.75%) of the respondent households in study area lived in flat. As much as 30.00% lived in single room; about 25.00% of the respondent household lived in whole building and the remaining 1.25% of the sampled households lived in duplex. Majority (90.00%) of the respondents lived in concrete floor housing unit. About 5.00% of the respondents lived in tile floor housing unit, while the remaining respondents (5.00%) lived in housing unit with terrazzo as floor materials. Majority (70.00%) of the household paid normal rent for the housing unit, while about 26.25% of the respondents’ households owned their houses while 3.75% paid no rent for housing unit. This is an indication of differences in urban pattern of living conditions among households in the study area. Most (43.75%) of the households paid between ₦501 and ₦1000 per month on housing unit with the mean monthly rent being ₦1733.20 as at the time of data collection.

**Description of households by major source of water for drinking and cooking, sanitary conditions and sources of electricity supply:** Information on the sources of water for drinking and cooking, sanitary conditions as well as supply of electricity could provide insight to the living conditions of people. As noted by Maziyai-Dixon et al. (2004), availability of infrastructure such electricity and pipe borne water are closely linked with food security as well as poverty. The result in Table 2 shows that the most common source of water available to households was well (protected) which accounted for 55.50%. Next to this source was pipe borne water which accounted for 20.00%. The use of bore holes (which accounted for 15.00%) are becoming increasingly popular in the study area. About 5.0 percent subscribed to tankers/truck while 7.50% of the household respondent made use of well (unprotected). This finding is compares with the survey of nation on major source of water in 2005, which found that the major source of water

<table>
<thead>
<tr>
<th>Information</th>
<th>Frequency</th>
<th>%</th>
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<tbody>
<tr>
<td><strong>Housing unit type</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single room</td>
<td>24</td>
<td>30.00</td>
</tr>
<tr>
<td>Flats</td>
<td>35</td>
<td>43.75</td>
</tr>
<tr>
<td>Whole building</td>
<td>20</td>
<td>25.00</td>
</tr>
<tr>
<td>Duplex</td>
<td>1</td>
<td>1.25</td>
</tr>
<tr>
<td><strong>Floor materials</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tile</td>
<td>4</td>
<td>5.00</td>
</tr>
<tr>
<td>Concrete</td>
<td>72</td>
<td>90.00</td>
</tr>
<tr>
<td>Terrazzo</td>
<td>4</td>
<td>5.00</td>
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<tr>
<td><strong>Tenure of housing unit</strong></td>
<td></td>
<td></td>
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<tr>
<td>Normal rent</td>
<td>56</td>
<td>70.00</td>
</tr>
<tr>
<td>Free</td>
<td>3</td>
<td>3.75</td>
</tr>
<tr>
<td>Owner occupier</td>
<td>21</td>
<td>26.25</td>
</tr>
<tr>
<td><strong>Monthly rent (₦) for housing unit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>501 - 1000</td>
<td>35</td>
<td>43.75</td>
</tr>
<tr>
<td>1001 - 1500</td>
<td>3</td>
<td>3.75</td>
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<tr>
<td>1501 - 2000</td>
<td>10</td>
<td>12.50</td>
</tr>
<tr>
<td>2001 - 2500</td>
<td>17</td>
<td>21.25</td>
</tr>
<tr>
<td>2501 and above</td>
<td>15</td>
<td>18.75</td>
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<tr>
<td>Mean</td>
<td>1733.20</td>
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</tr>
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Field Survey Data (2008)
available to Nigerians is well (NBS, 2006). Majority (55.0\%) of the households used Power Holding Company of Nigeria (PHCN) electricity only. About 35.00\% of the respondent use PHCN complimented with complimented with generators. About 7.50\% of the household do not have any source of electricity supply as at the time of data collection while 2.50\% of the households used private generator only. This use of generators which is now increasingly populous may be due to the erratic power supply situation in the country; a situation which has necessitated some households to look for other alternative means of generating electricity such as electric generators and inverters. The results further indicates that majority (46.25\%) of the household disposed their refuse in an unauthorized refuse heap. In addition, 22.50\% of the household made use of household bins which are often collected by government agency while about 30.00\% of the household made use of combinations of the dumping refuse in bushes or burning within their compounds while the remaining 1.25\% of the households made use of household bins collected by private agency. In terms of toilet facilities, the result indicates that the most commonly used toilet facility is the pit latrines which accounted for about 47.50\%. Water closet toilet accounted for 43.80\%; the next was the use of uncovered pit toilets which accounted for 6.20\% in the study area while 2.50\% of the households made use of the bush.

The levels of poverty among households in the study area: The result of the poverty profile among households by socio-demographic characteristics in the study area is presented in Table 3. On the aggregate, the head count ratio is 0.383. This means that 38.30\% of the households covered by the by the study in Ado-Ekiti area are poor, while 23.40\% of the households are core poor. Concerning the poverty depth or gap, an average poor household would have to mobilize financial resources up to 41.80\% of 1 US Dollar (₦ 130) per day (for each household member) to be able to escape poverty. One could therefore infer from this finding that evidences of poverty abounds among households in Ado Ekiti, hence adequate measures must be put in place in order to salvage the present situation and also to forestall a worsen situation in the future. The study also reveals that increase in household size results in increase poverty situation among households in the study area with the incidence, depth and severity highest with values 0.515, 0.837 and 0.716, respectively for household with 7 to 10 members. The situation might be worse still if the increase in household size translates into more dependants who do not contribute to the household income as the measures of poverty are also very higher among household with higher number of dependants having values 1.00, 0.715 and 0.511, respectively for the incidence, depth and severity of poverty. Ability to of household members to work and earn income is critical to poverty reduction in the study area.

A close look at the educational level of household heads reveals that poverty reduces with improved educational level of household head. Although it appears that incidence of poverty is higher among households...
whose head had secondary school education, this does not downplay the importance of education in poverty reduction. Evidence abounds on the positive impact of education on poverty reduction. It could be that these households harbour larger household size with more dependants who do not contribute to household income. Access to education does result in increase in the stock of human capital, and in turn labour productivity and wages which in turn results in reduction of poverty in the households. The role of capacity building and human capital development in eradicating poverty cannot be over emphasised. Education equips the people with information and new technologies that are necessary for enhancing economic activities (Ruel et al., 1998; Oniang’o and Makudi, 2002). Policy that would ensure sustained and improved access to education will go along way to reduce poverty in the study area.

The result also reveals that incidence, depth and severity of poverty appear higher with values 0.29, 0.402 and 0.191 in female headed households than in male headed households. This means that female headed households are more vulnerable to poverty than the male headed households. Female-headed households are often considered to be more vulnerable to poverty because of their tighter time schedule and income constraints than male headed households. Their vulnerability may partly be as a result of lack of access to or low productive resources, education, credit, and decision making forums (Oniang’o and Makudi, 2002). In line with the increasing importance given to gender issues, many governments in the world have established institutions to promote women’s interest in at least one of their ministries. However, these issues are often still tackled from welfare side, and in practice, women are still far from the main stream of development efforts (African Development Forum, 2008). This disclosure is sine qua non to the global phenomenon of feminization of poverty.

The severity of poverty is higher among households headed by salary earners than non salary-wage earners. It might be completely misleading to absolutely agree that households headed by salary-wage earners in the study area are more vulnerable to poverty. According to (Haan, 2000), access to well-paying steady or secure jobs is germane to reducing poverty and food insecurity. On the other hand, Ruel et al. (1998) submitted that urban low income (salary/wages) earners or salary/wage workers with no other source of income are often vulnerable to poverty. Haan (2000) added that holding to too long to low paying and unstable jobs put a household at high risk of poverty and food insecurity. The tendency of households headed by non-salary/wage earners in the study area to be less severely affected by poverty might be that these household heads derive income from diverse income sources. Diversification as a source of income growth is a potential means of poverty reduction (Nicholas et al., 2006). The result also shows that poverty also reduces with increased level of household assets; emphasizing the important role productive assets in income generation and poverty.

**Welfare function estimation:** The result of the estimated welfare model is presented in Table 4. The coefficient of multiple determination ($R^2$) with value 0.684 implies that 63.7% of the total variation in the household expenditure per capita is accounted for by all the explanatory variables in the regression model. The significance of the F-value (12.323) implies that all the explanatory variable jointly exact significant influence on household welfare (as proxy by household expenditure per capita). Out of the seven explanatory variables used in the regression model, only four were significant. They are sex of household head, educational level of household head, household size and dependency ratio. The result shows that there is a positive and significant relationship between the gender of household head and economic welfare of the household which suggests that an average household headed by male seems better in terms of their economic welfare or living conditions than female headed household in the study area. Empirical studies in Nigeria indicates men are have more access to formal education and other productive resources in Nigeria than their women counterpart (although great deal of efforts are now been made to close the gap). This disparity, among others, is the reason for better economic advantage being enjoyed by men in the country. Ability to work, become more productive, earn higher income and improve the standard of living of household members is contingent on access to productive resources. Limited access to these resources has however, constrained women to remain for long on low-paying jobs and especially in the informal sector with its attendant negative implication on their welfare and the households headed by them.

Educational level of household head and that of spouse both have positive influence effect on household welfare (measured by household per capita expenditure). This implies that an additional year gained by the
household head and spouse in acquiring formal education would lead to rise in household income and by implication, the welfare of household members. Educational attainment enhances human capital and participation in labour market and has been widely accepted as a veritable tool for poverty reduction and improving peoples’ welfare. The coefficients 0.068 and 0.161 of household head and spouse suggest that an additional year in their education level is expected to result in 6.8 and 16.1% increase in household per capita expenditure. Dependency ratio exacts a negative impact of household welfare, suggesting that increases dependency ratio (an increase in household size which translates to increases in the number of dependants) would result in reduction in the income resources available to cater for the needs of each household member. The decline in the per capita income (resource) availability is an indication of down spiral living conditions of household members. The coefficient -0.197 of dependency ratio implies that a unit increase in the dependency ratio will lead to 19.7% decrease in the household consumption per capita. This scenario also poses a serious threat on the welfare of members of households in the study area, especially among the low-income poor groups.

CONCLUSION AND RECOMMENDATION

The ramifying objective of the study was to examine the poverty status of household by demographic characteristics in Ado-Ekiti, Ekiti State. The study establishes evidence of poverty and decline living conditions in the study area. The incidence, depth and severity of poverty are high and burden of poverty is borne disproportionately by households of different socioeconomic status. Poverty appears to be feminized as all measures of poverty are consistently higher for households headed by females in the study area. Households with larger size (members), more dependants and with limited assets are more susceptible to poverty and down spiral welfare conditions. Improved educational level of household head and spouse as well as lower level of dependency ratio would help reduce poverty and enhance household welfare in the study area.

The implication of the findings is that efforts to investment in education of household head, spouse as well as that of household members; enhance women status and reduce the dependency ratio are crucial for poverty reduction in the study area. The study therefore, recommends among others, improvement in enhancement of human capital though investment in formal education. This should involve training in life skills and vocations which would help stimulate the innate entrepreneurial potentials of the people and expand the frontier of their income generating capacities and become more productive. Furthermore, policy efforts that would facilitate employment opportunities would help reduce the number of dependants (who could be potentially employed) and enable them to contribute to the general household welfare. Gender policy measure to that would focus on building women capacity and skew more resources productive resources towards them would be landmark achievement in reducing poverty and promoting household welfare. Efforts by both governments and non governmental agencies in the area of infrastructural development (provision electricity, boreholes, pipe borne water, among others) would go a long way to improve the living condition of people in the study area.

REFERENCES


