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# Social Network Among Grain Sellers: A Veritable Tool in Microcredit Delivery in Some Markets in Ibadan, Oyo State

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## I. INTRODUCTION

Small and medium size enterprises (SME) are regarded as the engine of economic growth in all economies of the world (Wooldie and Adersua, 2004; Gerrad et. al, 2003; Hamilton and Dana, 2003). Evidences from developing countries support the fact

that entrepreneurs do not have easy access to credit for their entrepreneurial activity (Ibru, 2009; Iganiga, 2008; Iheduru, 2002; Kuzilwa, 2005; Lakwo, 2007; May, 2007; Okpukpara, 2009). In Nigeria, trading has suffered setbacks due to poor credit disbursement procedures, inadequacy of credit institutions to cater for the financial needs of the teaming population of traders and poor loan repayment possibilities among traders (Ugo, 1973; Oshuntogun and Oludimu, 1973).

It is emphasized that access to microcredit is important for investment to support off-farm enterprises. It is also recognized that the poor have diverse financial needs including credit for the purchase of small capital assets, working capital and consumption. The Table 1 shows the decreasing amount of commercial loans to small scale businesses in Nigeria (both rural and urban). A closer look at the commercial bank total credit and loans to small scale enterprises in Nigeria, shows that there was an increase in total volume of credit of commercial bank (that is, N48, 056.0 millions) to small scale enterprises (N15, 462.5 millions) in 1993 to N8.791 billion and N15, 825.2million in 2009 respectively. Also, during the year 1993 to 2009, the ratio of commercial bank loan to small scale enterprises continue nose-dive steadily from 32.2% in 1993 to about 0.2% in 2009. This decrease attests to the fact that entrepreneurs, particularly in Nigeria, have limited or no access to credit for their entrepreneurial activity and as such performance of small businesses tend to be woeful.

**Table 1 :** Ratio of Loan to Small Scale Enterprises to Bank Total credit (rural and urban)

Year	Commercial Bank Loan to SMEs	Commercial Banks Total Credit	Commercial Banks Loan To SMEs as Percentage Of Total Credit
1992	20,400.0	41,810.0	48.8
1993	15,462.9	48,056.0	32.2
1994	20,552.5	92,624.0	22.2
1995	32,374.5	141,146.0	22.9
1996	42,302.1	169,242.0	25.0
1997	40,844.3	240,782.0	17.9
1998	42,260.7	272,895.5	15.5
1999	46,694.1	353,081.1	13.3
2000	44,542.3	508,302.2	9.7
2001	52,428.4	796,164.8	6.6

2002	82,368.4	954,628.8	8.6
2003	90,176.5	1,210,033.1	7.5
2004	54,981.2	1,519,242.7	3.6
2005	50,672.6	1,899,346.4	2.7
2006	71,896.5	1,847,822.6	3.9
2007	26,981.0	3,155,029.7	0.7
2008	18,824.2	5,453,188.2	0.4
2009	15,825.2	8,791,800.9	0.2

Source : Central Bank Nigeria Statistical Bulletin Dec.2006 and 2010

Grain traders are often plagued with the problem of inadequate capital to run their enterprises which may be as a result of the informal nature of their businesses. The formal financial sector in developing countries considers the poor as risky borrowers on account of their lack of suitable collateral that could be pledged for credit. Failure of institutional initiatives in providing microcredit to the poor traders in running their enterprises and meeting their financial requirements gave rise to their poor performance. This study therefore looks at how problem of credit access can be tackled in Ibadan Metropolis by social networking among grain sellers.

## II. THEORETICAL/CONCEPTUAL FRAMEWORK AND LITERATURE REVIEW

The concept of entrepreneurship has a wide range of meanings. Two schools of thought about entrepreneurship are famous while defining entrepreneurship; these are Schumpeter's theory of entrepreneurship and Austrian theory of entrepreneurial discovery. Schumpeter's theory of Entrepreneur is evolved while contributing knowledge in theory of economic development by Joseph Schumpeter. According to Schumpeter (Swedburg, 2000), innovation is that to combine materials and forces, which are under reach, with different method or with new combination to produce a new innovative products. By this definition, it is important to consider that Schumpeter emphasize innovation rather invention. According to Mondal, "Schumpeter's model works through the transformation of production function. Other major contribution of Schumpeter theory also discusses motivation of the entrepreneur. First, it discusses about the desire and will of entrepreneur to establish an organization where entrepreneur can work independently and enjoy power. Second, that he/she has will to become successful in his/her business. And third is joy and satisfaction on reaching his/her goals (Swedburg, 2000).

Austrian Theory of Entrepreneurship described, entrepreneur as anticipating market and need of customers exactly and correctly, produce more cheaply than competitor and earn profit. By this theory, it is showed that successful entrepreneur will be that who can earn more profit. Entrepreneurial discovery emerged in Austrian economics by evolving two elements. One, market is act as entrepreneurially driven process and other is knowledge which can be increase by market interaction (Kirzner, 1997).

Austrian entrepreneurial discovery theory has three main concepts which are entrepreneurial role, the role of discovery and rivalries competition. From discussion, we can perceive that Austrian approach emphasize entrepreneurship with economic activity and market process. Both theories have different and similar aspects on entrepreneurship. Different authors have different approaches on entrepreneurship; this may be due to their research, the environment in which they are working, the previous research and literature available. Innovation, risk taking and creativity are almost essential part of both theories. Schumpeter's theory mainly emphasize on innovation, emphasizing to redefine and regroup resources to produce new product or service. And innovation always has risk with itself. By producing new product, accessing new market, adopting new production system, all lead to risk. In case of Austrian theory of Entrepreneurship, anticipating market and customer need is somewhat need an innovative idea and it also lead to risk. So compete this, creative mind, technique is needed. According to Boettke and Coyne, "As compared to Schumpeter's characterization of the market process as creative destruction, Kirzner emphasized that markets tend continually ...towards equilibrium, as consequence of continually-stimulated entrepreneurial discoveries". So Schumpeter emphasize on creative destruction while Austrian approach argue towards market knowledge which priory unknown. Microfinance is an emerging tool for economic development, poverty alleviation, empowering of low income communities and contributing a new role in micro-entrepreneurship. It has gained a prominent role in developed and also developing countries. Most of research on micro financing is developed on issue of poverty alleviation and empowering of the poor but not so many areas have been covered by researchers on Micro enterprise and Micro-entrepreneurship. This study is thus based on how micro financing is contributing in entrepreneurship.

## III. MATERIALS AND METHODS

Study Area: The study was carried out in Ibadan. It is the capital city of Oyo State located about 145 km North-east of Lagos, the commercial nerve centre of Nigeria. Its population is 2,550,593 according to 2006 census results, including 11 local government areas namely: Ibadan North, Ibadan North east, Ibadan South East, Ibadan South West, Ibadan North West, Ido,

Oluyole, Ona-Ara, Akinyele, Lagelu and Egbeda. The population of central Ibadan, including five LGAs, is 1 338 659 according to census results for 2006, covering an area of 128 km<sup>2</sup>.

Ibadan is the centre of trade for a farming area producing cocoa, cola, palm oil, yam, cocoyam, cassava, maize, vegetables and all kinds of fruits. The people of Ibadan are predominantly traders, civil servants, entrepreneurs and artisans. The location falls in the humid tropic region favoring production of food crops like maize, cassava, and vegetables among others. The climate is characterized by fairly high uniform temperature, moderate to heavy seasonal rainfall and high relative humidity. The rainfall pattern of Ibadan is bimodal with peaks in the months of May and August.

**Sampling Procedure and Sample size:** Primary data were collected at the market level with the aid of well structured questionnaire. Multistage stratified random sampling procedure to obtain relevant information from grain marketers in Ibadan Metropolis. The first stage of the stratification is the selection of three grain markets from Ibadan metropolis. In the second stage, three markets were selected from the grain markets in the study area. In the last stage, one hundred and fifty (150) respondents were interviewed in all the three markets. In all, one hundred and twenty questionnaires with complete and meaning information were retrieved and used for analysis.

#### a) Analytical Techniques

**Descriptive Statistics :** The descriptive tools used include mean, mode, frequencies and percentages. These tools were used to profile social capital dimension and categorize credit sources available to grain sellers.

**Probit Regression :** Probit regression models was used to measure the effect of social capital and other demographic variables on the probability of access to micro credit by grain seller in the study area. It is appropriate when the response takes one of only two possible values representing presence or absence. The model was adopted as used by Gujarati (2003) and Ajani and Tijani (2009).

$$P_i [y=1] = [Fz_i]$$

Where,

$$Z_i = \beta_0 + \beta_1 X_1 \quad (1)$$

$$y_1 = \beta_1 + \beta_2 X_{2i} + \dots + \beta_k X_{ki} \quad (2)$$

$y_i^*$  is unobserved but  $y_i = \begin{cases} 0 & \text{if } y_i^* < 0 \\ 1 & \text{if } y_i^* \geq 0 \end{cases}$

$$P(y_i = 1) = P(y_i^* \geq 0) \\ = P(u_i \geq -\beta_1 + \beta_2 X_{2i} + \dots + \beta_k X_{ki}) \quad (3)$$

$i = 1, 2, \dots, 120$

$Y_i$  = Grain seller's access to micro credit (Dichotomous variable 1= Yes; 0=No)

$X_1$ = Sex (1=Male; 0=Female).

$X_2$  = Age of grain seller (Years)

$X_3$ = Age squared of grain seller's (Years) 2

$X_4$ = Household size (Continuous)

$X_5$ = Years of formal education (Years)

$X_6$  = Marital status (Yes =1 if Married, 0=Otherwise)

$X_7$ = Bodija market (Yes =1, 0= Otherwise)

$X_8$ = Shasha market (Yes =1, 0= Otherwise)

$\beta_1$ = Coefficient of exogenous variables

$\mu$  = error term

It has been argued that social capital like physical capital can be in part consumption good (Grootaert, 1999). It is therefore imperative to validate the assumption of social capital being truly a capital. In order to do this, the study will investigate the existence of bi-causality between social capital and credit with the aid of instrumental variables.

#### b) Variables definition and expected signs

**Gender ( $X_1$ ):** Gender may create differences in preferences and barriers to social capital formation because of differences in roles and constraints. Compared to men, women in rural Africa tend to have a higher opportunity cost of time, and gender norms in the community sometimes constrain their social interactions. Female-headed households may also be unable to participate in organizations that require membership fees or other contributions (Maluccio et al. 2003). However, such organizations require a high degree of cooperation among members, and such cooperation is likely to be higher among women than men (Molinas 1998). Hence, the effect of gender on social capital formation cannot be determined a priori and is likely to depend on the type of social capital.

**Age ( $X_2$ ):** The age of an individual influences how he discounts the future and lowers the tendency to invest in social capital (Glaeser et al. 2001). The effect of age on participation in associations and subsequently credit access is likely to depend on the type of organization. Age may increase the likelihood of participation in social interactions that require trust (Haddad and Maluccio 2003) because the two are positively correlated (Alesina and La Ferrara 2002).

**Age squared ( $X_3$ ):** Age Squared measures the life cycle of the household-head.

**Household size ( $X_4$ ):** Household size is the number of people eating from the same pot.

**Years of formal education ( $X_5$ ):** Education is linked to information acquisition and trust formation (Alesina & La Ferrara 2002). An individual's confidence to speak up in a group also increases with education. Better educated households may have a higher demand for membership in organizations because they can more easily benefit from their positive externalities (Helliwell & Putnam 1999).

**Marital status ( $X_6$ ):** Marital status is whether the grain seller is married or not. It is represented by a dummy variable.



Bodija market ( $X_7$ ): Grain sellers in Bodija market  
Shasha market( $X_8$ ): Grain sellers in Shasha market

Density of membership ( $X_9$ ): This is measured by the number of active grain seller household membership in existing associations. A complete inventory existing associations was made at the markets; each grain seller household was then given that inventory and asked which associations they are members. In other words, the proportion of membership of associations by grain seller is found and rescaled to 100.

Decision making index ( $X_{10}$ ): It has been argued that associations, which follow a democratic pattern of decision-making, are more effective than others. The questionnaire asked association members to evaluate subjectively whether they were "very active" "active" or "not very active" "passive" "very passive" or not participating in the group's decision making. This response was scaled from 4 to 0 respectively, and averaged across the three most important groups in each household. The summation was calculated from subjective responses from the households' members on their rating in participation in decision making in three important associations to them. The responses were averaged across the three associations and multiplied by 100 for each grain seller.

Heterogeneity index ( $X_{11}$ ): The questionnaire identifies the three most important associations for each grain seller. For those associations, a number of supplementary questions were asked including about the internal homogeneity of the group. This was rated according to twelve criteria: neighbourhood, kin group, same occupation, same economic status, same religion, same political, same gender, same age, same education level, cultural practices, belief and trust. Hence, for each of the factors a yes response was coded 2 while no was coded 1 (Lawal et al., 2009). A maximum score of 24 for each association represents the highest level of heterogeneity. The score of the three associations were averaged for each household by dividing by maximum score 72 to obtain the index. The resulting index was then multiplied by 100 (whereby a zero value represents complete homogeneity and 100 correspond to the highest heterogeneity).

Meeting attendance index ( $X_{12}$ ): This index was measured by finding the number of times members of association actually met as a group over a period of time This is obtained by summing up of attendance of the household members at meeting and relating it to the number of scheduled meetings of the associations. The value is multiplied by 100.

Cash contribution index ( $X_{13}$ ): This was achieved by taking records of payment of membership dues and other contributions. The summation of the total cash contributed to the various associations, which the grain seller belongs to was calculated. The actual contribution for each grain seller was rescaled by dividing the amount by the contribution by household members relative to average grain seller in the data and multiplying the resultant fraction by 100.

Labour Contribution index ( $X_{14}$ ): This is the number of days that individual members belonging to institution claimed to have worked for their institutions. This represents total numbers of man- hour's days worked by household members. This is also rescaled to 100 using the same method of cash contribution

#### IV. RESULTS AND DISCUSSIONS

The result of socioeconomic characteristics of grain sellers is presented in Table 2. Result showed that the average age of grain seller is about 39 years. The result shows that majority (50.8%) of the grain sellers fell within the age range of 30 – 40 years. This implies that most grain sellers are still within the active working age, they are therefore economically productive. This may be unconnected to requirement of energy and strength to both transport during purchase and sell in the markets. However, there were more male grain sellers (70 %) than female grain sellers (30%) in the study area. This has two implications, male grain sellers have the energy to withstand the rigour that is involved in buying and selling of grains and male counterparts also have properties such as land, houses that can be pledged as collateral for loan. The Table also showed that majority of grain sellers were married while mean household size was 5.0 with standard deviation of 3.5. Across the markets, there is uniform household size. Grain sellers across the markets had an average of 9 years of formal education.

Table 2 : Socioeconomic Characteristics of Grain Sellers

	Bodija	Oja oba	Shasha	All
<b>Age (Years)</b>				
< 30	4.6	7.7	11.8	8.3
30 – 40	51.2	65.4	43.1	50.8
> 40	44.2	26.9	45.1	40.9
Total	100.0	100.0	100.0	100.0
Mean	40.0	37.0	39.0	39.0
SD	7.9	68.0	9.3	8.4

<b>Sex</b>				
Female	23.3	30.8	35.3	30.0
Male	76.7	69.2	64.7	70.0
Total	100.0	100.0	100.0	100.0
<b>Marital Status</b>				
Married	95.4	88.5	97.7	88.3
Otherwise	4.6	11.5	2.3	11.7
Total	100.0	100.0	100.0	100.0
<b>Household Size</b>				
1 – 3	4.7	11.5	9.8	8.3
4 – 8	65.1	73.1	58.8	64.2
> than 8	30.2	15.4	31.4	27.5
Total	100.0	100.0	100.0	100.0
Mean	6.0	5.0	5.0	5.0
SD	2.0	2.0	3.0	3.0
<b>Educational status</b>				
No formal	4.6	11.5	7.8	7.5
Primary completed	27.9	11.4	23.5	22.5
Secondary completed	55.8	73.8	68.6	65.0
Tertiary	11.6	3.8	0.0	5.0
Mean	9.9	10.0	9.6	9.8
S.D.	4.0	4.4	3.8	3.9

Source : Field survey, February 2011

Table 3 shows the reason for involvement in local level association of the grain sellers in markets in Ibadan. Majority (36.7%) of the respondents reported that local level institutions (LLIs) facilitate their access to credit while 16% joined LLI to enhance their access to

market information. Only 7.5% used it as a mean of socialization with other people. However, 12.5% of the grain sellers used it as a channel through which their supplies come from.

Table 3 : Reason for involvement in local level association of the grain sellers

Motivation	Bodija	Ojaoba	Shasha	All
Access to Credit	20.9	15.4	60.8	36.7
Access to Information	20.9	19.2	9.8	15.8
Socialization	11.6	7.7	3.9	7.5
Access to Grain Supply	2.3	15.4	19.6	12.5
Others	44.2	42.3	5.9	27.5
Total	100.0	100.0	100.0	100.0

Source : Field survey, February 2011

Prominent among the available credit sources to grain sellers in the selected markets are: bank, cooperatives, government agencies, local money lenders, friends and family. Table 4 presents the amount of credit requested, amount of credit granted and gap in credit through different credit sources across the three selected markets. The overall average amount of credit

requested by grain sellers from the two major sources of credit (i.e. bank and cooperatives are ₦220,590.7 and ₦170,870.2 while only ₦205,557.3 and ₦162,103.5 were granted respectively. Across the markets, the highest credit was requested among the Bodija grain sellers.

Table 5 : Different Sources of Credit patronized by grain sellers across Markets

Sources of credit	Bodija			Oja oba			Shasha			All		
	Amount Requested	Amount Granted	Gap: 1-G/R	Amount Requested	Amount Granted	Gap: 1-G/R	Amount Requested	Amount Granted	Gap: 1-G/R	Amount Requested	Amount Granted	Gap: 1-G/R
<b>Bank</b>	246,834.1	231,612.4	0.07	218,961.5	201,923.1	0.08	210,294.1	198,235.3	0.06	220,590.7	205,557.3	0.07
<b>Coop</b>	123,398.5	114,806.2	0.07	145,981.7	134,622.2	0.08	140,203.1	132,163.5	0.06	170,870.2	162,103.5	0.06
<b>Government Agencies</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Local Lenders</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Personal Savings</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Standard Deviation</b>	349,838.2	359,227.4	-	90,013.5	98,005.8	-	109,354.5	54,943.8	-	102,454.5	59,743.8	-
<b>Minimum</b>	20,000	20,000.0	-	10,000	10,000.0	-	10,000	10,000.0	-	10,000	10,000.0	-
<b>Maximum</b>	2,000,000	2,000,000.0	-	400,000	250,000.0	-	500,000	500,000.0	-	500,000	500,000.0	-

Source : Field survey, February 2011

The activities of grain sellers in local level institutions are shown in the Table 6. Table 6 shows that average grain sellers attend at least three out of every four association meetings and Shasha grain sellers are most frequent with meeting attendance index of 80%. Decision making in associations revealed moderate level of participation. Cash contribution index is generally low across the markets. In terms of labour

contribution, grain sellers are more willing to contribute their time and labour to their associations with average of 77.8%. The level of diversity in association was high with heterogeneity index of 74.6%. In general, Bodija markets associations are more heterogeneous than their Ojaoba and Shasha counterparts because of the various ethnic groups that come to trade in the market.

*Table 6 : Activities of grain sellers in local level institutions*

	Bodija	Ojaoba	Shasha	All
Density of Membership Index	37.0	39.7	36.8	37.5
Cash contribution index	24.7	37.8	19.8	37.5
Labour contribution index	56.9	77.8	98.1	76.2
meeting attendance index	77.8	37.5		
Decision making Index	52.0	55.9	57.2	55.0
Heterogeneity index	80.9	67.9	70.0	74.6

*Source : Field survey, February 2011*

The relationship between social capital and microcredit access is presented in Table 7. In the first column, the result shows that age, age squared, marital status and trading in Ojaoba significantly influenced access to credit. Age of grain seller household head positively increased credit access. A unit increase in age increased credit access by 0.061. Age squared measures the life cycle of the grain seller household head. The variable has negative sign and significantly affected credit access. The implication is that, as grain seller advances in age, there is tendency for him/her to become averse in taking credit risk for fear of indebtedness. Also, being married increased credit access because credit institutions view married individual as been responsible and will not see approved credit as risky. Trading in Ojaoba, has positive and significantly relationship with credit access. In the second column of the table, the multiplicative social capital variable is introduced. Along with the demographic variables, aggregate social capital index significantly influences the credit access of grain sellers. The coefficient of social capita index shows that a one unit increase in social capital would increase credit access by 0.001 percent.

The third column of Table 7 reveals the inclusion of six additive social capital variables which truly increases credit access by grain sellers in the study area. The new model presents a better explanatory

power as reflected in the chi-squared of 49.95. This separation shows that the effect of social capital on credit access can be traced to cash contribution, labour contribution and participation in decision making within association. In line with the view of Grooteart (1999) Yusuf (2008) and Balogun and Yusuf (2011), an increase in cash contribution, labour contribution and decision making index in local level institutions increases the probability of access to credit at 1% of significant level.

The marginal effects show that 1% increase in cash contribution, labour contribution and decision making of grain sellers to associations increased access credit by 0.02%, 0.01% and 0.03% respectively. Labour contribution and cash contribution to association also show the level of commitment of grain sellers to their association.



*Table 7 :* Effect of Social Capital on Access to Microcredit in Ibadan

Variables	Basic model			With Multiplicative social capital index			With Additive social capital variables		
Variables	Coeff.	Z stat	Marginal Eff.	Coeff.	Z stat	Marginal Eff.	Coeff.	Z stat	Marginal Eff.
Constant	-5.508	-0.07	0.000	-5.667	-2.18		-6.707	-1.88	
Sex	0.003	0.01	0.000	-0.028	-0.09	0.008	-0.136	-0.42	-0.037
Age	0.213**	2.02**	0.061	0.212**	2.05**	0.060	0.201**	1.81**	0.055
Age square	-0.002**	-2.10**	-0.000	-0.002**	-2.15**	-0.000	-0.002**	-1.99**	-0.000
Marital status	0.983**	2.48**	0.067	0.218**	0.01**	0.211	0.905**	2.18**	0.196
Bodija	0.323	0.71	0.098	0.460	0.96	0.142	0.727	1.26	0.229
Oja Oba	1.573***	4.26***	0.476	1.590***	4.28***	0.478	1.595***	3.99***	0.471
Social capital index	-	-	-	0.006***	3.14***	0.001	-	-	-
Cash index	-	-	-	-	-	-	0.088***	4.58***	0.002
Labour index	-	-	-	-	-	-	0.004**	1.83**	0.001
Density index	-	-	-	-	-	-	0.010	0.98	0.002
Decision index	-	-	-	-	-	-	0.013**	2.18**	0.003
Heterogeneity index	-	-	-	-	-	-	-0.015	1.33	0.004
Meeting atten. Index	-	-	-	-	-	-	-0.002	-0.09	0.000
Number of observation	120			120			120		
Log-likelihood	-49.25***			-48.59*			-46.55***		
Chi-squared	44.55***			45.87*			49.95***		

*Source : Field survey, February 2011*

In order to empirically validate the argument of whether social capital is truly a consumption good like human capital or an input in grain seller's trading and whether there is strong bi-causal relationship between credit access and social capital (Balogun and Yusuf, 2011), there is need to test if the social capital index included in the OLS regression is truly endogenous or not. It was assumed that the social capital of the grain sellers is truly endogenous in the OLS regression. This study tested for existence of bi-causal relationship between social capital and credit access with the aid of instrumental variable. The instrument chosen is the "trust". The original social capital index was replaced by the instrumental variable (trust within membership of the associations). This choice was guided by available information and submissions of (Grootaert and Braithwaite, 1998; Okunmadewa et al, 2005; Omonona et al, 2008, Balogun and Yusuf, 2011).

Table 8 presents the result of two-way causal relationship between social capital and access to credit.

The result found that the use of instrumental variable led to an increase in the value of the explanatory power of the model (i.e. adjusted R<sup>2</sup>) from 0.3206 to 0.3306 compared with the use of actual social capital index. In addition, the instrumental variable method leads to higher coefficient for the social capital index than in the OLS method. A reverse causality could have been inferred if there is no improvement or reduction in the instrumental variable. Since, there is improvement on both counts, one can infer the absence significant reverse causality and thus confirms the exogeneity of social capital. A one unit increase in the level of instrumented social capital leads to 0.67 percent increase in credit access of grain seller's.

Table 8 : Social Capital and Credit Access: Is there Any Two Way Causal Relationship?

	Without instrumental variables OLS		With instrumental variables 2SLS	
Intercept	-5.6674	-2.18	-1.2052	-0.92
Sex of grain seller	-0.0289	-0.09	-0.8395	-0.44
Age of grain seller	0.2124**	2.04**	-0.0106**	-2.10**
Squared age of grain seller	-0.0006**	-2.13**	0.0000**	2.02**
Marital status of grain seller	0.9551***	2.43***	0.2378***	2.55***
Bodija Market	0.4605	0.96	-0.0325	-0.15
Oja oba Market	1.5909***	4.28***	0.5596**	1.96**
Social Capital Index	0.0067***	3.14***	2.1066***	4.59***
Number of observation	120		120	
Adjusted R <sup>2</sup>	0.3206		0.3306	

Asterisks denote significance\*\*\*, \*\*, \* at 1%, 5%, 10% significance levels

Source : Researcher's computation on data gathered from field survey, February 2011

## V. CONCLUSION AND RECOMMENDATION

The basis of this study is centered on effects of social capital on microcredit access among rural grain seller in Ibadan. It is evident from the result that the credits markets are functioning below their potential as the credit demand of grain sellers are not being satisfied fully. This study has revealed that majority of the grain sellers are in their economic active age. It is therefore recommended that credit which is critical factor in ensuring the success of this enterprise should be made available to them to enhance the profitability of their enterprise.

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