

**MICROFINANCE AND SOCIO-ECONOMIC EMPOWERMENT OF
WOMEN**

**A CASE OF OPPORTUNITY INTERNATIONAL SAVINGS AND
LOANS CLIENTS**

KNUST

BY

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DECLARATION

I hereby declare that this submission is my own work towards the award of the Commonwealth Executive Masters in Business Administration (CEMBA) and that to the best of my knowledge, it contains no material previously published by another person or any material which has been accepted for the forward of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

To my children, William (Jnr.), Darlington and Emelia for their love, support and sacrifice.

KNUST



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First and foremost, I would like to thank God Almighty, without whom this work would not have been successful.

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Nevertheless, I must proclaim my acceptance of all remaining errors.

William Ablorh

May, 2011

ABSTRACT

Governments, donors and NGOs have over the years initiated and implemented programmes aimed at empowering women economically and socially. Despite these efforts some challenges still remain. Microfinance as tool for women empowerment has become the main subject of many global and regional conferences, seminars and workshops. This study therefore examined the contribution of microfinance to the socio-economic empowerment of women in Ghana by using Opportunity International savings and Loans (OISL) microfinance programme as a case study. The survey method was adopted where questionnaires were administered to beneficiaries of the OISL's microfinance programme. The findings from the study revealed that access to microfinance has contributed immensely to the economic empowerment of women through improvement in their businesses. Besides, the study shows that access to microfinance has improved the status of women both at the family level and in society as a whole. The study therefore recommends that OISL should endeavour to extend more credit facilities to clients to expand their businesses. Finally, OISL should provide more training programmes to women in order to improve their entrepreneurial skills and help reduce the problems which hinder their access to microfinance.

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CHAPTER ONE

INTRODUCTION

1.0 Background to the study

Microfinance is the provision of a broad range of financial services to poor low-income households and micro enterprises (Amin and Pebley, 1994). Research interest in the issue of access to microfinance particularly by women has been on a rising trend in recent times. Bennet and Goldberg (1993) asserted that in developing economies, low-income women are often victims of societal suppression and abuse; while their counterparts in developed economies are victims of lending discrimination. It is therefore argued that lending to women may help empower them economically and socially.

The heightened interest in the gender dimension of microfinance in recent times stems from the fact that women are often seen as instruments for societal change and development and as such, empowering them may be of great benefit to society. Access to credit by women has therefore become the main subject of many global and regional conferences, seminars and workshops. Experts have widely acknowledged the substantial contribution of small and micro enterprises (of which women participation constitute larger percentage) to the socio-economic development of a nation, therefore the need to support them to grow. It is therefore no exaggeration to state that, the most important goal, which every society in the contemporary world has set for itself, is to empower its women to be able to afford basic necessities of life such as food, clothing and shelter; as well as be part of decision making in the home and community. In many societies in Africa, which Ghana is no exception, women are not fully integrated into the socio-

economic development process (Meyer, 1992) and one of the possible implications is that, these societies are deprived of their full utilization of their human resource capabilities and potentials. Education, in its true sense brings some level of empowerment and once a woman is empowered it will subsequently lead to a reduction in poverty in various societies, education helps women to contribute meaningfully to development through participation in decision making which has been perceived to be the prerogative of men.

In an effort to promote women empowerment, the U.N general assembly in 1974 passed a resolution emphasizing the priorities of women, their role and participation in socio-economic development and the need to integrate them fully into the development agenda. Subsequently, many world conferences like the first Women's conference in Mexico City in 1975, and others at regional levels have been held and continued to be held. All these conferences aimed at developing and emphasizing strategies for the advancement of women so as to overcome the obstacles that women in general encounter in trying to achieve equality, peace, respect and a say in the development of lives through sustaining their income-generating activities to enhance their economic power.

In developing countries, many governments, in collaboration with NGO's have over the years implemented programmes aimed at empowering women economically and socially. One NGO that has been in the forefront of championing the socio-economic empowerment of women is Opportunity International Savings and Loans (OISL) Ltd. The company, which commenced operations in Ghana in the year 2004, has accepted the challenge of helping to improve the status and contribution of women in the nation's

socio-economic development through the provision of small and micro-credit. This study therefore seeks to assess the contribution of microfinance to the socio-economic empowerment of women, with a focus on OISL microfinance programme.

1.1 Statement of the Problem

Traditionally, socio-cultural beliefs and other impediments have long limited women's participation in the economy and their access to resources for development especially in developing countries. However, there is a general consensus that in order for women to play a meaningful role in economic development, they must be empowered both at the economic and social level. One way of empowering women is to make credit easily accessible to them to finance their small and micro enterprises. In an attempt to realize this objective, a plethora of policies were implemented by various governments in collaboration with other stakeholders aimed at helping women access funds to expand their businesses. Despite, the efforts made by the government, policy makers, NGOs and financial institutions in extending financial services to micro enterprises (of which the participation of women is greatest), majority of women still faced enormous challenges in trying to access funds for their enterprises. Constraints to microfinance by women in small and micro enterprises can be attributed to a number of reasons such as low return activities undertaken by women coupled with heavy domestic workloads; channeling their low incomes or returns to support the up-keep of the home; high rate of illiteracy among women, their limited roles in household decision-making among others. Moreover, the formal financial institutions consider lending to small businesses as a very time consuming and a costly venture since microenterprises lack proper accounting procedures and owners frequently mix their business and personal finances, so their

financial statements are often unreliable. Without access to formal financial service, most microenterprises are compelled to raise greater percentage of their start-up capital through their own internal savings and from family members but these are always inadequate. This study therefore intends to explore the contribution of microfinance to the socio-economic empowerment of women and the measures that can be taken to make credit easily accessible to them.

1.2 Objectives of the Study

The general objective of the study is to investigate the effect of microfinance on the socio-economic empowerment of women.

1. To examine the socio-economic characteristics of OISL microfinance programme
2. To investigate the effect of microfinance on the performance of microenterprises.
3. To examine the effect of microfinance on socio-economic empowerment of women.

1.3 Research Questions

The research questions of the study are as follows;

1. What are the socio-economic characteristics of OISL microfinance programme?
2. What is the effect of microfinance on the performance of microenterprises?
3. Does access to microfinance contributes to the socio-economic empowerment of women?

1.4 Significance of the study

The outcome of this study will help the government, policy makers and financial intermediaries on the contribution of microfinance towards women empowerment in Ghana. Besides, the findings would be useful to advocates of women empowerment who can rely on it to make a case for more credit facilities for women to improve their businesses. Furthermore, the study may help other stakeholders particularly OISL in reviewing their lending policies towards women in order to achieve greater efficiency and offer value added financial services.

1.5 Research Methodology

The study used the survey method to analyze the effect of microfinance on socio-economic empowerment of women. Statistical techniques such as frequency, percentages and statistical tools such as tables and bar graph are used to analyze the responses to the questionnaire. Detailed methodology is provided in chapter three.

1.6 Limitations of the Study

A number of problems were encountered in undertaking this study, such as non-availability of needed current data, which would have enriched the study further and

enhance its analysis because of poor data keeping culture. Some difficulties were also faced in obtaining relevant information about OISL due to privacy and security reasons. Besides, time and cost constraints make it technically impossible for a national survey thus the study relied on samples from the Greater Accra region although OISL operates in eight regions in Ghana.

1.7 Organization of the Study

The study is organized in five chapters. The first chapter gives the background to the study, problem statement, the objectives, research questions and the significance of the study among others. The second chapter dealt with a review of related literature on the topic whereas the third chapter covers the detailed methodology. The fourth chapter covers the presentation and discussion of the results. The summary, conclusion and recommendations are provided in the fifth chapter.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The body of literature on women empowerment and micro-finance is growing. In order to place this study in a proper context some of the existing literature would be reviewed. The literature review is conducted under different captions such as the definition of microfinance sections, overview of the microfinance sector, the stakeholders of the microfinance sector in Ghana, the effect of microfinance on the socio-economic empowerment of women among other. The second part of this chapter focuses on profile of Opportunity International Company Ltd, the company's vision and mission as well as objectives, the sources of finance and problems faced by the company in providing microfinance among others.

2.1 Definition and Scope of Microfinance

Micro-finance is the provision of a broad range of financial services such as credit and savings to poor and low-income household and their micro enterprises (Rhyne, 2003). Microfinance refers to a variety of financial services that target low-income clients, particularly women. Since the clients of microfinance institutions (MFIs) have lower incomes and often have limited access to other financial services, microfinance products tend to be for smaller monetary amounts than traditional financial services. These services include loans, savings, insurance, and remittances. Micro loans are given for a variety of purposes, frequently for microenterprise development. The diversity of

products and services offered reflects the fact that the financial needs of individuals, households, and enterprises can change significantly over time, especially for those who live in poverty. Because of these varied needs, and because of the industry's focus on the poor, microfinance institutions often use non-traditional methodologies, such as group lending or other forms of collateral not employed by the formal sector.

Micro finance institutions (MFIs) consist of agents and organizations that are engaged in relatively small financial transactions using specialized, character based methodologies to serve low-income households, micro enterprises, small farmers, and others who lack access to the banking system. In addition to financial intermediation, many MFIs provide social intermediation services such as group formation, development of self-confidence, and training in financial literacy and management capabilities among members of a group. Thus the definition of micro finance often includes both financial and social intermediation. Although some MFIs provide enterprise development services such as skills training and marketing, and social services, such as literacy training, proper home management and health care, they are not generally included in the definition of micro finance.

It must be emphasized that, micro finance covers a broad variety of institutional arrangements and approaches. They range from small self-help groups with a handful of members to huge organizations that have nationwide coverage and millions of clients. MFIs can be non-governmental organizations (NGOs), Savings and Loans Companies, Credit Unions, Government Banks, Commercial Banks, or Non-Bank Financial Institutions.

2.2 Overview of Microfinance sector

The last decade has witnessed a significant transformation of the financial landscape of Ghana in terms of the diversity of institutions and the areas of focus. While the numbers and types of institutions have increased remarkably, accompanied by an array of financial services, there is still the observation that financial services remain inadequate, particularly for small borrowers and depositors, as well as the poor, thus leaving large sections of the society not catered for. A plethora of policies were initiated and implemented throughout the years by the government and NGOs to encourage the provision of efficient financial services for the majority of citizens and to bridge the gaps between the formal and non-formal sector, and between the urban and rural areas in accessing financial services. Aryeetey (2003) asserted that Ghana's SME sector consists of countless tiny enterprises begun by the poor in the cities, towns and villages. These micro enterprises are often the sole source of income for the majority of people, either because they lack the skills or education to find jobs in commerce and industry, or, as is mostly the case, because there are too few jobs in the wage economy.

The large number of women in micro enterprises may be due to their low level of education and skill acquisition. The small and micro businesses comprise nearly 90% of businesses and the fastest-growing part of the private sector. While there is no single definition, most micro enterprises demonstrate the following characteristics:

- ❖ Employment: Micro-entrepreneurs often work alone or employ one to five persons, including unpaid family members.
- ❖ Target group: women with little or no education mostly undertake micro enterprises.
- ❖ Fixed Assets: With so few workers, production is often manual and simple equipment with limited fixed assets.
- ❖ Location: Many micro enterprises are home based, operate from informal market stalls or are mobile vendors. More established micro enterprises operate out of commercial locations.
- ❖ Marketing & supply: Micro enterprises generally sell to and buy from, local markets. They are less likely to export their products or rely on imports than larger firms. They sometimes buy and sell on credit.
- ❖ Legal Registration: Micro enterprises often operate outside the bounds of the regulatory framework. These firms may not be legally registered, pay taxes or adhere to health, safety or labour regulations.

Micro enterprises are becoming increasingly important because they provide a large percentage of jobs needed by women, the uneducated, the youth and the very poor, and provide goods and services for public consumption.

2.3 Overview of the Micro Finance Sector in Ghana

According to UNDP, Human Development Report 1991 the last decade has witnessed a significant transformation of the financial landscape of Ghana in terms of the diversity of

institutions and the areas of focus. While the numbers and types of institutions have increased remarkably, accompanied by an array of financial services, there is still the observation that financial services remain inadequate, particularly for small borrowers and depositors, as well as the poor, thus leaving large sections of the society not catered for. The government has initiated policies and programmes that encourage the provision of adequate financial services for the majority of citizens, with the view to bridging the gaps between the formal and non-formal sector, and between the urban and rural areas in accessing financial services. The overview of micro finance in Ghana covers existing stakeholders within the sector, interventions that are currently being applied and key issues confronting the micro finance sector in the country.

2.3.1 Stakeholders in the Microfinance Sector

Existing stakeholders within the micro finance sector in Ghana have been identified as:

Target clientele Institutions supplying micro credit

Facilitators e.g. Government as policy designer, with the Bank of Ghana (BOG) as regulator and supervisor

Donors – Providers of development funds and Technical Assistance

Target Clientele

Target clientele for most MFIs in Ghana can broadly be classified as micro and small-scale enterprises made up of women in the informal sector; unemployed youth; subsistence and small-scale producers in the agricultural sector.

Suppliers of Financial Services

The providers of micro finance services in Ghana can be categorised into formal, semi-formal, informal organisations and public sector Institutions/Donor funded Projects.

The formal MFIs in Ghana include some of the 112-rural/community banks and a few commercial banks that have interest in micro finance, including Agricultural Development Bank, Social Security Bank and Metropolitan and Allied Bank.

The semi-formal MFIs are institutions that are not registered under the banking law but may operate under the non-banking institution law or any other appropriate authority to provide financial intermediation services alongside social intermediation activities. These include 106 registered Credit Unions, 10 savings and Loans Companies, 110 registered Co-operatives, a number of NGOs such as Sinapi Aba Trust, Action Aid, Freedom from Hunger, Technoserve, and Enhancing Opportunities for Women in Development (ENOWID) (Aryeetey, 1996).

The informal financial institutions can be defined as those providing “financial services that are not regulated by neither central bank authorities nor any other formal/public entity”. They are not by any means illegal, though. In Ghana, these institutions include Susu collectors, Susu clubs and moneylenders.

Finally, we have the public sector institutions and donors funded project. The National Board for Small Scale Industries (NBSSI) has been one of the major public sector institution through which the government channels support to micro and small enterprises in Ghana. NBSSI is also involved in a limited number of credit schemes on behalf of the Government and NGOs. The Government is also channelling funds through a number of

District Assemblies for the same purpose. Various public sector institutions, including Ministry of Food and Agriculture (MOFA), Ministry of Trade and Industries (MOTI) and Ministry of Environment, Science and Technology (MEST), often initiate donor sponsored credit programmes which are then implemented through different organs such as the Social Investment Fund (SIF), the Village Infrastructure Project (VIP), and the MEST/IFAD Rural Enterprises Project.

2.3.2 Government of Ghana as a facilitator

The Government of Ghana's overall role is that of facilitation and creation of an enabling environment for the sustainable development of the micro finance sector. The government has recognized that its commitment to empowerment and poverty reduction can be achieved. The Government is playing this role through policy design and initiatives; institution of laws and legal framework for the micro finance sector; mobilizing financial resources and technical assistance from the donor community; coordination of donor support and provision of funds.

The Government has also realised that without a strong and effective regulatory framework, the practitioners in the sector could operate anyhow to exploit the public. An example is PYRAM and Resource 5 in 1997. As a result, financial practitioners are expected to strictly operate under the Banking Law PNDC 225 of 1989 and the Non-Banking Law PNDCL 328 of 1993.

These laws regulate activities of formal banks including rural banks and non-financial institutions including savings and loans companies. It must be pointed out that Credit Unions, Susu, and Micro finance NGOs, which are also keys types of micro finance

institutions, do not operate under the ambit of these laws now. However, we have apex associations that supervise these institutions while the issue is being addressed. This includes the Ghana Credit Union Association (CUA), Ghana Cooperative Susu Collectors Association (GCSCA), Ghana Association of Micro finance Institutions (GHAMFIN) etc. The Government has also mobilized financial resources from the donor community. For example, the Government has since 1995 mobilized micro finance component under Non Banking Financial Institution (NBFI) projects from the World Bank, Social Investment Fund (SIF) from the Agricultural Development Fund (ADF) and credit from ADF for the Agricultural Development Bank (ADB) etc. to support capacity and institutional building of MFIs and to provide loanable funds to small holder and medium scale farmers and fishermen who have little or no access to mainstream financial resources.

2.3.3 Donor support for the micro finance sector

Donor support for micro finance programmes in Ghana have primarily come from the European Union (EU), World Bank (WB), United Nations Development Programme (UNDP), United States Agency for International Development (USAID), Danish International Development Agency (DANIDA), Canadian International Development Agency (CIDA), International Fund for Agricultural Development (IFAD), Government of Japan etc. Over the years, the support has been in the areas of: Providing grants to cover institutional development costs of MFIs with the objectives of building capacity within these institutions to enable them to improve outreach and targeting of services to the rural and urban poor; funding the acquisition of fixed assets such as vehicles, equipment and logistical support that improves the mobility and institutional capacity for improving outreach, monitoring, supervision and general management of MFI operations;

and providing funding for Revolving Loan Funds (RLFs) as a tool for increasing the access of the rural and urban poor to loanable investment funds for investing in their small scale and informal sector enterprises.

2.4 The Role of Non-Governmental Organisations (NGOs) in Microfinance

Nongovernmental Organisations (NGOs) are not-for-profit institutions that operate with a development motive. Their continued income depends on their ability to convince donors that they are creating a positive and lasting impact with donor funds. NGOs typically were established to carry out philanthropic activities. With the growth of shantytowns that surround the major cities throughout Latin America and Asia, these organisations were rapidly confronted with the important role the micro enterprise played within the household economy of the low-income population.

Whitehead,(1993) noted that these NGOs recognised that, a strategy designed to release the productive and income-generating capabilities of these entrepreneurs would have a dramatic impact on the growth in income and employment among the poorest segments of the population. Some of these NGOs specialised in providing financial service, recognizing that sustainable development depends on viable communities that generate their own income. Without short-term pressure to generate a return for shareholders, NGOs were able to experience with the various forms of financial intermediation until they came out with programmes that promoted enterprise development whilst at the same time sustaining them. They implemented innovative credit technologies, such as solidarity groups and decentralised, cash flow and character-based lending programme.

Operating in a rather less competitive market, many of the NGOs were able to generate loan repayment rates never dreamed possible. As a result, the NGOs became the preferred institutional vehicle for the implementation of externally driven credit programmes. Technoserve report has developed six roles for NGOs in micro finance.

The first is that, micro finance NGOs provide loans to and collect savings from people living in rural areas. It employs methods that allow it to cover all of its costs with earned income when it reaches adequate economies of scale. The NGOs may borrow from the financial markets to increase the size of its revolving loan funds. Some NGOs playing this role have converted themselves into banks, for example, PRODEM/Bancosol in Bolivia and K-Rep in Kenya, thus bringing NGO methodology to the formal sector by becoming formal sector financial institutions themselves. Secondly, they serve as a link between rural borrowers and savers and the banks. With this, they take on the tasks of organising, training, assessing, monitoring and collecting repayments from the clients and deposit them at the bank. At the same time, the banks provide loan capital to these NGOs who in turn on -lend to its clients in the rural areas. These NGOs receive income for the services they provide, either as a fee paid by banks or the interest charged by these NGOs on their loans. Also these NGOs provide production, marketing, management, and accounting services and training to rural enterprises to help them develop to the point where they can access financial services from the banks. The work of these NGOs has been to develop financial viable enterprises, which benefit the economy as a whole. Lastly the apex body of these micro finance NGOs in Ghana, which is the Ghana Association of Micro finance Network (GHAMFIN) provide training to the staff and management of some banks, helping them to understand and carry out successful methodologies for rural financial intermediation.

2.5 Microfinance, Women Empowerment and Socio-economic Development

Fidler and Webster (1996) argued that in most developing countries, opportunities for wage employment in the formal sector of the economy are extremely limited, and the vast majority of women who have other responsibilities at home and therefore cannot compete with men for fewer jobs rely on self-employment for their livelihood. Better access to financial services enables the women in micro enterprises to establish and expand micro enterprises and improve their incomes, status and participation of decision making, thus contributing positively to socio-economic development.

Micro-finance is particularly relevant to increase the productivity of self-employment in the informal sector of the economy mostly made up of women. In an environment where economic growth is occurring, micro-finance has the capacity to transmit the benefits of growth more rapidly and more equitably through the informal sector.

Given the wide range of possible indicators of empowerment, it is useful to review the studies on the criteria some researchers used and their broad findings. For instance, A study by Amin and Pebley (1994) in thirty six villages in Bangladesh showed that membership in BRAC positively affected a woman's decision-making role, her control over resources and mobility, but less so on their attitudes regarding marriage and education of their daughters. Women Empowerment means recognizing their position in relation to men as actors in society: in the context of husbands and families; local community and authority and more broadly their position in society at the national level governed by custom and laws.

Amin et al. (2007) noted that their respondents felt that membership in credit programmes is important from the standpoint of reducing their chances of desertion by their husbands. This is reinforced by Naved (1994), who found that the women credit-programme participants in her sample felt their status had improved within the household due to the fact that they were seen as income earners for the family through their access to credit. The women conceptualised this improvement in status by stating that they were more active participants in household decision-making and had more control over household income, particularly the portion that was derived from their own earning. A number of studies have also shown that women participation in micro finance programmes help to empower them and improve the welfare of their family. Prominent among them are the studies by Amin et. al (1994), Naved (1994), Hashemi et. al (1996), Osmani (1998) etc. Women have become the preferred clients of micro-finance institutions, as they tend to be good borrowers. Studies have shown repeatedly that women borrowers' average delinquency rates tend to be lower than men's, especially for micro loans. A recent study by the Inter- American Development Bank and UNIFEM, surveying the financial landscape in a number of Latin American countries, concluded that, FED an NGO in Ecuador, with the lowest delinquency rate, has the highest percentage of women as clients (Almeydia, 1996). According to the national policy for the empowerment of women, greater percentage of women who comprise the majority of the population fall below the poverty line and are very often in situation of extreme poverty. This leaves a large section of the population or natural resource untapped. The harsh realities of intra-household and social discriminations, coupled with evaluation of property rights in a patriarchal system has contributed to the subordinated status of women and their poor contribution to socio-economic_development. As quoted by

UNDP, it has been a known fact that women are poorer and more disadvantaged than men. World Bank reports that societies that discriminate on the basis of gender have greater poverty, slower economic growth, weaker governance, and a lower standard of living. The 2000 Human development Report found that 70% of the 1.3 billion people living on less than \$1 a day are women. Studies in Latin America, and elsewhere, also show that men typically contributed 52 to 68% of their salaries to the collective household fund, whereas women “tend to keep nothing back for themselves”, because women contribute decisively to the well being of their family. It is also important to help women to contribute meaningfully to the socio-economic development of a nation, Dr. Muhammad Yunus, the founder and MD of Grameen bank once said at a US congressional forum that; “Women have plans for themselves, for their children, about their homes, the meals. They have a vision. A man wants to enjoy himself”. On this note, women, given the support are able to speed up the development of a nation. Last but not the least, policies that encourage the development of a reliable micro finance sector can also be a tool for socio-economic empowerment of women. Many micro-finance programmes, including that of the Grameen Bank in Bangladesh, encourage members to develop a socio-economic agenda covering matters such as health, nutrition, home management and children’s care and education. Even where this emphasis is not explicit, increase empowerment and higher incomes from participation in micro-finance programme can reinforce other policies. At the same time, micro-finance programmes are likely to be more effective in raising member’s incomes where rapid growth in the economy and in agricultural output, and better infrastructure, create a demand for the products and services provided by micro-entrepreneurs.

2.6 Problems facing the Microfinance Sector in Ghana

The main constraints and problems identified that appear to impact negatively on the development of micro finance sector in Ghana include the following;

2.6.1. Unfavourable macro-economic environment.

The present macro-economic environment in Ghana is adversely affecting the financial sustainability of most MFIs. A double-digit rate of inflation of 12 percent and a high market rate of interest on loans ranging between 30 to 53 percent makes borrowing very expensive for both MFIs and their clients.

2.6.2. Failure of the commercial banks to serve the micro finance sector.

It has been observed that commercial banks in Ghana have failed to serve the micro finance sector as much as they have done for the formal sector. These banks cite the high risk of default, high operational costs, and socio-economic and cultural barriers as responsible for their negative attitude to the micro finance sector.

2.6.3. Inadequate training, weak management and governance.

Most MFIs have weak management and governance structure. There is at times conflict of interest between board of directors and managers about issues concerning the administration of the organization. This has resulted in a situation where there is lack of a strategic business plan, which clearly spells out the vision, mission, and focus of operations.

2.6.4. Inappropriate regulatory framework,

This has to do with regulatory issues of MFIs, is to do with some of the application processes and legal status of informal financial suppliers,

2.6.5. Fragmentation of the Ghanaian financial sector.

There are no effective linkages between formal and informal financial institutions in the country. It must be emphasized that, though the need to develop such linkages to improve financial intermediation is commonly recognised in Ghana, however, few, if any donors or financial institutions are currently supporting efforts to develop such linkages.

2.6.6. Capacity building constraints.

The efficient and effective operations of MFIs are critical for their long-term sustainability. MFIs in Ghana have recognised that there are major capacity building constraints, which must be addressed if they can make any strategic contribution in the area of socio-economic development.

2.7 Profile of Opportunity International Savings and Loans (OISL) Ltd

Opportunity International Savings and Loans (OISL) is an autonomous private Christian organization that was formed in June 2004 and registered under the company's code 1963 (Act 179) as a company limited by guarantee. OISL originated from a meeting that was held between Messrs Larry Reed of the Opportunity International Network (O.I.N), Jonathan Wilson of Christian Life Centre (CLC) Australia, and Rev. Davis Freeman of

Christian Life Centre (Ghana) on one hand and Mr. Kwabena Darko (the immediate past Board Chairman) on the other hand, who had already made an advance preparation towards setting up a foundation, and readily agreed to fuse his proposals with that of his counterparts in order to form OISL. It is one of the implementing partners of Opportunity International Network (O.I.N), an International Christian N.G.O. that shares a dynamic vision of transforming the lives of poor families through micro credit.

The O.I.Network with its headquarters in Chicago (U.S.A), comprise of sixty-seven (67) micro enterprise development organizations operating in over 40 countries in the Third World, Eastern Europe and Russia. Of these, there are 60 implementing partners in twenty-nine (29) developing countries that directly administer loans and provide business-training services to clients, and 7 independent organizations as supporting partners, which mobilize resources and provide training and technical assistance to the implementing partners. (Annual report 2009)

2.8 OISL's Vision, Mission and Objectives

2.8.1 Vision

The vision of OISL is to the lives of micro and small entrepreneurs transformed through a partnership in which we provide customer-focused financial and transformational services

2.8.2 Mission

The mission of OISL is to serve as micro and small entrepreneurs with loans, deposits and other financial services that enable them to increase their income and help transformed their lives while earning appropriate returns for our shareholders.

2.8.3 Objectives

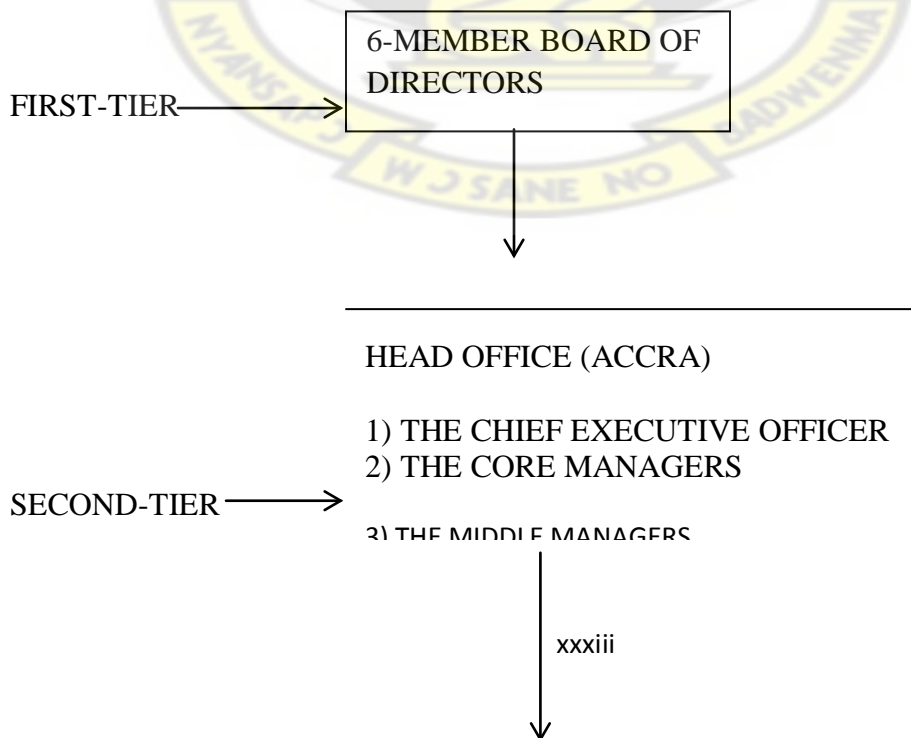
To enable OI achieve its noble mission, the following key objectives have been established:

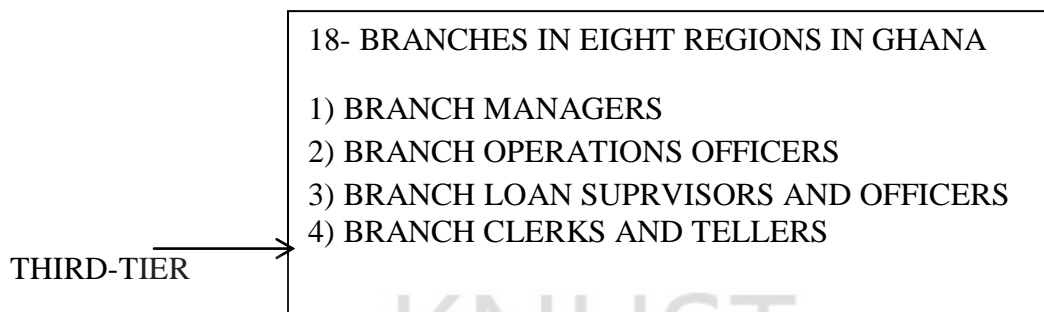
1. To provide financial services or credit needs to small and micro business ventures;
2. To contribute positively to poverty alleviation through micro- enterprise stimulation and job creation for increased income among the poor
3. To fill the vacuum created by the formal sector Commercial Banks and financial services to small and micro enterprise;
4. To provide the requisite business management training for micro-Entrepreneurs to enhance their gradual growth from the micro level to the macro level.

2.9 Organizational Structure of OISL

A six-member Board of Directors, which comprises of Ghanaian and foreign intellectuals, businessmen, civic and church leaders, governs OI but it includes the Chief Executive Officer (CEO) who oversees the day-to-day administration of the organization. Administratively, the CEO is assisted by the core and middle managers at the Head Office in Accra and Branch managers who are in charge of the branches that have been scattered in six regions in Ghana. The administrative bodies of OI can be said to be a three-tier system of governance and administration as can be seen in chart 2.1. Below:

Figure 2.1 OI's Governance and Administrative Bodies





SOURCE: OISL'S CREDIT POLICY MANUAL (2008).

The highest decision-making body of OI is the six members Board of Directors who are responsible for providing the vision, general leadership and direction of OI. Specifically, the Board is responsible for formulation of operational and organizational policies; appointment of the Chief Executive Officer and management team; approval of business plans, annual budgets and appointment of external Auditors; monitoring institutional performance to ensure financial viability; and in charge of fund raising activities for the trust. The Chief Executive Officer who is the head of the administrative structure of the organization is responsible to the Board of Directors for the day-to-day administration of the trust. All other staff is working towards the achievement of the organization objectives and also to ensure that policies and yearly targets set in the corporate plans are achieved.

2.9.1 OISL's Operational Methodologies and Areas

Opportunity International Savings and Loans (OISL) extend loans or credit facilities to small and micro enterprises with the view of supporting the development of poor and deprived enterprises. It extends credit facilities to self-employed individuals especially women; a well constituted credit-seeking group, and a miniature group also called solidarity groups. It offers its credit to micro enterprises in the manufacturing, trading, and food industry, agricultural and service sectors of the economy.

OISL reaches its clients through two main credit methodologies, that is, the Group Loan and Individual Loans. Five products have been developed under these credit methodologies, these include; group loans, individual loans, Susu loans, SME loans and school loans. The Trust Bank (group loan) methodology is broadly defined as a group lending and savings methodology specializing in the development of local leadership and transformation in the poorest communities. In OI, the term Trust Bank is defined as a system/method of group lending where a well-organized group of 15-35 members of economically disadvantaged but active individuals acting under the principle of co-guarantee/group guarantee, apply for micro and small loans and repay as such by installments within a given period of time.

Solidarity Group refers to any group, which has graduated from the Trust Bank programme. A group graduates from the Trust Bank after its 4th loan cycle. Solidarities have membership of between 5 and 15. Repayment is usually done on bi-weekly or monthly bases. This product is also based on the group guarantee system where members co-guarantee for each other in the same group.

Susu loans are meant for clients in an organized market area where a designate deposit mobilization officer is assigned to them for daily deposit, and one qualifies for a loan after 60 days continue deposit. Individual lending Programme is for individual clients and those clients who have graduated from group loans.

Also, SME loans involves credit delivery to small and medium-scale enterprises whose loan size is above GH¢1,500. School loans Conditions and procedures OISL uses to extend credit to its clients are more simplified and essentially include the following. The first step is where all incoming clients are expected to attend orientation and training seminars organized by OISL for them to understand the vision, mission, and objectives of the trust, fees payable to the organization, interest rate calculation, and the procedure for repayment the second step is that, all those who are interested in the programme after going through the orientation will have to fill application forms. The next step is for loan officers from OI to visit the location of the business for assessment and future monitoring. With the exception of group loans all other loans require a guarantor, and the final step is where disbursement is made to successful clients with six-week grace period. OISL in its desire to achieve higher operational and financial sustainability and to be less dependent on donor funding, has charges on its loans. The first is its interest rate of 3.5% per month charge on its loan. The interest rate, which is to help the institution cover its operational cost, is determined by the cost of capital, interbank lending, the Central Bank rediscount rate and the opportunity cost of its capital. The second one is the Application Fee of two cedis, which is paid as soon as the application is filled out and it's no refundable even if the client's project is found to be non-viable after assessment. Process Fee of 3% of the loan amount is charged by OISL to process the client's application in

the form of assessment of projects, routine visits, loan utilization visits, reminder visits, reinforcement visits and guarantor's involvement in case of default.

Payments are made either weekly or bi-weekly, whilst the Individual loans require payments to be made monthly. OISL's initial loan sizes are small, the essence of which is to attract the poorest of the economically active within the community to participate in its programme. Committed to its poverty alleviation programme, OISL's lending system is structured in such a way that a timely repayment of initial small loans qualifies the client for subsequent bigger loans. For example, a good individual client can graduate from an initial first loan of GH¢500 to GH¢5,000 and above, whilst a good Trust Bank member can also move from a first loan of GH¢200 to GH¢3,000 and above depending on the loan cycle. Although, micro-enterprise loans are usually meant to support working capital, as the client reaches the 5th, 6th, and 7th loans, the credit could be used to support fixed assets. As women constitute about 80% of OISL's programme, OISL is committed to empowering its clients financially, socially, spiritually and economically through its numerous training programs and weekly meeting methodologies.

2.9.2 OISL's Sources of Finance, the Company and Its Shareholders

Opportunity International Savings and Loans Limited (OISL) is a non bank financial institution licensed by the Central Bank of Ghana to operate in savings and loans. They serve micro and small entrepreneurs with small loans, deposits, and other financial services in the Greater Accra, Ashanti, central, western, eastern and Brong Ahafo regions of Ghana. The company is a partner member of Opportunity International Network an ecumenical Christian economic development organization with 42 partners operating in Africa, Asia, Europe, Latin America and North America. At year end 2005, our stated

capital stood at GH¢ 2.8 million (US\$3.1 million) making us the highest capitalized savings and loans company in Ghana. Shareholders are committed to reaching the greatest number of people in order to transform their live and have a lasting impact on their families,

2.9.3 Conclusion

The chapter provided a review of literature on microfinance focus on the definition of the term, the overview of activities of the microfinance sector as well as stakeholders and participants of microfinance programme. It literature highlighted the role of the government, NGOs and savings and loan companies in providing credit facilities to women. The part two of the literature reviews the profile, vision, mission as well as sources of finance of OISL among other things.

The logo of KNUST (Kwame Ninsin University of Science and Technology) is centered in the background. It features a yellow eagle with spread wings perched on a green shield. Above the eagle is a red sun-like symbol. Below the eagle is a yellow banner with the text 'NYANSAPƆ WƆSƆƆ NO BADWENMA'.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the analytical framework of the study by which the research questions would be answered. The issues discussed entails the research method used, methods of data collection, sampling method and technique, the data collection process and how data will be analyzed. The source from which the data is gathered is also provided.

3.1 Research Method

The study adopted the survey method as the main research technique of the study. The choice of the survey method is motivated by the fact that it best describes the opinions, personal characteristics, perceptions, preferences and attitudes of respondents. The choice of a survey method is further informed by the fact that the survey method enables a wider coverage area while giving respondents the opportunity to analyze their individual contributions and identify different barriers existing among the various population sub-groups. Besides, the survey method is deemed appropriate since it enables one gather data on relatively large number of people at the same time, and can be done using structured questionnaires.

3.2 Population and Sample

Population refers to a group of [individuals](#) or [items](#) that [share](#) one or more [characteristics](#) from which [data](#) is been gathered and analyzed. Since the focus of this study is to explore the effect of microfinance on the socio-economic empowerment of women, all women who assessed microfinance from OISL constitute the population of the study. Since this population is very large, it is prohibitively expensive to conduct a complete enumeration of all the women who have benefited from OISL credit facilities due to time and financial constraints. Hence, a sample which is representative of the population is considered for the study. Sampling, according to (Cooper and Schindler, 2001) involves selecting some of the elements in a population and drawing conclusions about the entire population. The compelling reasons behind the decision to sample includes the lower cost, greater accuracy of results and greater ease of data collection associated with sampling. Thus, data was collected on women beneficiaries of microfinance who are clients of OISL in selected branches in Accra.

3.3 Sampling Technique

The study employed both the probability and non-probability sampling methods. Probability sampling according to (Jankowicz, 2000) involves indentifying and questioning people because they are members of some population to ensure that your assertions are valid for your respondents and directly generalizable without further inference, to that population. Stratified random sampling, which is one of the probability sampling methods, is used in this study. The technique is a modification of random sampling in which the population is divided into two or more relevant and significant strata based on one or a number of attributes (Saunders et al, 2007). The non-probability sampling method adopted is the purposive sampling. The choice of purposive sampling method is motivated by the fact that it aids the study to focus only on women beneficiaries of OISL microfinance programme who are in their third loan cycle with the assumption that after that cycle the financial services should have had an impact on their lives.

3.4 Research Technique

Research techniques are particular, step-by-step procedures which you can follow in order to gather data, and analyze them for the information they contain (Jankowicz, 2000). The structured technique is used for this study. The technique entails the use of structured questionnaires and face-to-face interview. The questionnaire is the main research instrument used in collecting the data for the study, taking into consideration the

specific objectives of the study and the sample size. Majority of the items on the questionnaire are closed ended-questions, requiring a Yes or No response with some few likert-type items. This is because they are easier for respondents to answer and also facilitates interpretation of data by standardizing alternative responses. Questionnaires were thus administered to 100 loan beneficiaries in Accra. However, the researcher adopted used face-to-face interview to gather data on the challenges faced by OISL in extending credit facilities to clients. Three credit officers, two operational managers and the two officials of the accounts department of OISL were interviewed.

3.5 Sources of Data

As indicated above, data used for the study is essentially primary in nature.

3.5.1 Primary Sources

The study was basically a survey research; hence the researcher relied mainly on primary data. The questionnaires were distributed to women beneficiaries of OISL loan programme in the Accra branch who are in their third loan cycle. This group is appropriate for the study since it will afford the researcher to assess the contribution of microfinance to women empowerment, both socially and economically. Besides, data was gathered from the face-to-face interviews conducted on the officials of OISL in Accra.

It should however be noted that the study also relied on some secondary sources of information such as journals, textbooks, newspapers and articles among others to conduct the study.

3.6 Data Analysis

Data collected for the study is analyzed using descriptive statistics such as frequencies and percentages. The results are presented using tables and bar and pie charts, The Statistical Package for Social Sciences (SPSS) is used to process the data set.

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CHAPTER FOUR

PRESENTATION AND DISCUSSION OF RESULTS

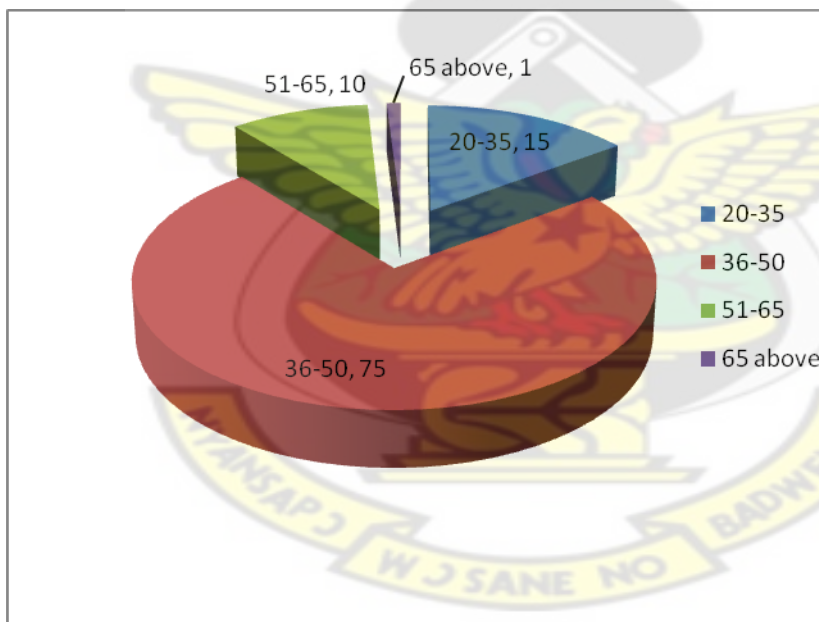
4.0 Introduction

This chapter presents and discusses the findings from the study. According to Titmus, (1962) It is generally believed that the success of any micro finance programme is best measured by its continued growth and its ability to keep clients, and the latter's ability to repay their loans. However, accepting micro-finance programme performance and growth as proxies for impact probably tells us more about the lender than it does about the borrower. Since the focus here is on socio-economic empowerment of women, it is necessary to know the socio-economic background of OISL clients that were interviewed, the impacts that have occurred in their lives, enterprises, families and their communities after participation, and their comments about the programme. The tools that have been used to assess such impact include the Impact Survey and Client Empowerment

4.1 Socio-economic Background of Respondents

It is necessary to know the socio-economic background of the interviewees because this information provides critical mediating factors for the programme impact. It was necessary to know the background of the respondents in terms of age, gender, marital status, level of dependants, level of education, religion, main business activity, size of working capital and other important indicators. Age influences the degree of poverty and the level of socio-economic development. Data from Figure 4.1 shows the ages of all respondents interviewed.

Figure 4.1: Age of respondents



Source: Field Data, 2010

The above figure shows that, most respondents to the questionnaires are between the ages of 36-50, which had 75% of the total sample of 100 respondents. Only 15 respondents representing 15% of the total sample were between the ages of 20-35 years. 10% of the sample is between the ages of 51-64 years. This shows that most of the respondents are in their active age (ages of 20-35 and 36-50) and have potential for growth and development should there be some form of empowerment. As stated above, the respondents to these questionnaires were all women. It is imperative to know the marital status of respondents, since that also has some influence on women empowerment and socio-economic development.

Table 4.1: Marital Status of Respondents

MARITAL STATUS	FREQUENCY	PERCENTAGE
MARRIED	60	60
SINGLE	5	5
WIDOW	7	7
DIVORCED	28	28
TOTAL	100	100

Source: Field Data, 2010

From the table, 60% of the sample responded that they were married. The remaining forty (40) were without partners. Out of the remaining 40%, 5% were singles who had never married, the other 7% were widows, and the 28% left are those who are divorced for one reason or the other. The data above shows that women have much more responsibility towards themselves, their families and the nation at large. Married women, who takes the greater share of the study have responsibility towards taking care of their various homes, those divorced have greater challenge of taking care of themselves and their children and

hence needs financial liberation Education attainment is another important determinant factor for empowerment and socio-economic development in the lives of women. Data in table 4.2 shows the educational background of the respondents.

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Table 4.2: Level of Formal Education of Respondents

LEVEL OF EDUCATION	FREQUENCY	PERCENTAGE
1 ST CYCLE	35	35
2 ND CYCLE	20	20
TERTIARY	10	10
NONE	35	35
TOTAL	100	100

Source: Field Data, (Oct, 2010)

Table 4.2 depicts the level of education of respondents, and from the data on the table, most women have no education or little education. The response from the questionnaires showed that 35% of the sample had had education up to the elementary level, another 35% had no formal education, 20% had formal education up to the secondary school, and only 10% had tertiary education up to either Polytechnic or University. This shows that most women are not educated beyond the primary or 1st cycle level. This accounts for the greater level of poverty and the low level of development in their lives. The main

business activities of the respondents were also ascertained, and Table 4.3 gives the following results.

Table 4.3: Main Business Activities of Respondents

SECTOR	FREQUENCY	PERCENTAGE
TRADING	35	35
FOOD PROCESSING	20	20
MANUFACTURING	10	10
SERVICE	35	35

Source: Field Data, 2010

Table 4.3 indicates that majority of the respondents are in the trading and service sector with 35 business activities are in both sectors respectively. This is followed by food processing which had 20 of the respondents and 10 of the respondents were into the manufacturing sector. Respondents were also asked to state the size of their initial working capital and table 4.4 gives the summary data.

Table 4.4: Size of Initial Working Capital before Joining the Programme

Size of Initial Working Capital	FREQUENCY	PERCENTAGE
GH ¢10-¢100	13	13
GH¢110-¢200	50	50
GH¢210-¢500	25	25
G¢510 and Above	12	12
TOTAL	100	100

Source: Field Data, 2010

From the table, 13% of the respondents started their businesses with start-up capital ranging from GH¢10-GH¢100, a majority of 50% had a start-up capital ranging between GH¢110-GH¢200, 25% of them started with amount ranging between GH¢210-GH¢500,

with only 12% starting their businesses with an amount GH¢510 and Above The data on the table indicates that majority of OISL clients manage small and micro enterprises which needs small start-up capital. Table 4.5 present the sources of the start-up capital of respondents as responded by the respondents. The outcome of the questionnaires administered showed that 100% of the entire sample acquired their start-up capital from rotary savings club, traditional money lenders, friends and family members especially their husbands.

Table 4.5 Access to other Credit Facilities apart from OISL programme.

ACCESS TO CREDIT FACILITIES	FREQUENCY	PERCENTAGE
N.B.S.S.I/DACF	0	0
COMMERCIAL/RURAL BANK	8	9
MFI/ NGO/SAVINGS & LOANS CO.	43	46
MONEYLENDERS/ROTARYSAVINGSCLUB	42	45
TOTAL	93	100

Source: Field Data, Oct, 2010

The data from the table indicates that 93% of the respondents reported to have taken additional credit from other sources and out of it only 9% had extra funds from either Commercial banks or Rural banks. 46% of the clients had additional loans from either micro-finance; NGO, savings and loans companies, and 45% had access to other funds from either traditional moneylender or Rotary savings clubs. There were no clients with access to funds from NBSSI or District Assemblies Common Fund. This indicates that out of a total ninety-three clients over 91% of them had access to the micro-finance and

informal financial institutions. This implies that, OI an MFI, is helping to fill the vacuum that has been created by the formal and informal financial services to poor entrepreneurs especially women in Ghana.

4.2 CLIENT EMPOWERMENT TOOL

Rien (1970) noted that empowering women to set goals, organize themselves and make decisions about their lives and communities is a key part of poverty alleviation and socio-economic development. Micro-credit is often given “credit” for empowering women. The assumption is that participation in peer borrower groups and access to credit enables women to build a financial base of their own, enhance their skills, access peer support and gain social recognition. Empowerment as a concept is very difficult to define, yet it is seen as a power that comes from within a person in the form of self-confidence, faith, and courage; it can also be derived from working with others to achieve more collectively than could be done separately. The Client Empowerment Tool has been designed to measure the extent to which clients feels and manifest empowerment as a result of their participation in a micro-finance programme (Sen, 1992). The subsequent paragraph accesses the impact of microfinance on socio economic empowerment of women.

Table 4.6 Impact Survey of Microfinance at Enterprises Level

IMPACT INDICATOR	POSITIVE OUTLOOK (%)	NEGATIVE OUTLOOK (%)

Improvement / diversification of Business performance	100	0
Employing more hands.	44	56
Improvement in Business practices through acquisition of entrepreneurial skills.	94	6
Positive dreams about projects. (expansion, diversification, increased sales and profit)	100	0

Source: Field Data, Oct, 2010

From Table 4.6 below, all the respondents (100%) admit that their businesses have improved through expansion of their projects and there has been considerable diversification in their businesses as well, moreover, most of them no longer buy on credit. This is an indication that clients do not spend their loan on only personal effects but also invest their businesses for growth and expansion. However, to those who use part of their loans for their personal or family clothing, they believed that, it is an expression of a positive impact especially on their social status. On employment, 44% of the respondents have been able to employ more hands after taking loans from OI and going through series of entrepreneurial training, however, 56% of the respondents were not able to employ more hand into their businesses due to inadequate working capital and other family related reasons. A greater majority of existing clients representing 94% of the respondents reported that they have experienced improved entrepreneurial skills in their businesses through a number of training programmes they have enjoyed from OISL. Whilst only 6% of the total sample said the improvement in entrepreneurial skills were not enough. Finally, the entire respondents professed to have positive dreams about their business ventures. The results from the table indicate that participation in OISL's

programme leads to significant improvement in performance of businesses of clients.

Table 4.7 assesses the impact of microfinance at the family level.

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Table 4.7 Impact Survey of Microfinance at the Family Level

IMPACT INDICATORS	PERCENTAGE OF POSITIVE OUTLOOK	PERCENTAGE OF NEGATIVE OUTLOOK
Increase in household income	94	6
Improvement in standard of living (education, health, Food, etc)	100	0
Relationship between clients and family	72	28
Ability to make gain respect and contribute to decision-making in the family	100	0
Future aspirations about the family	100	0

Source Field Data, 2010

From the table, majority of the respondents representing 94% reported an increase in their household income, whilst only 6% of the respondents said there were either no significant or relatively no change in their household income. From the study, 100% of the respondents reported of an improvement in their family's standard of living; have had the ability to contribute to decision-making in the family; and, also had positive dreams about the family's future, especially peace in their marriages, better children's education, and acquisition of household assets. 72% of the respondents asserted that their relationship

within the family has either somehow improved or greatly improved, however 28% claimed there was no impact on their relationship within the family. In sum, it is evident to say that OISL's microfinance programme has had an appreciable positive impact on its clients.

Table 4.8a Clients' Self-Esteem and Level of Empowerment before Joining OISL

IMPACT INDICATORS	PERCENTAGE OF POSITIVE OUTLOOK	PERCENTAGE OF NEGATIVE OUTLOOK
The level of self confidence	54	46
The level of socialising	60	40
Aspiration of future leadership	30	70
Ability to make personal and family decision	48	52
Perception about women	24	76

Source: Field Data, 2010

From tables 4.8a and 4.8b the impact of microfinance on clients' level of self esteem and empowerment both before and after joining OISL microfinance programme has been presented. The level of self perception of clients before joining OISL's programme was above the average of the sample size, representing 54%, it was known that 46% of the respondents had low or negative self-confidence.

Table 4.8b The Impact of OISL's Performance on Clients' Self-Esteem and Level of Empowerment after joining OISL

IMPACT INDICATORS	PERCENTAGE OF POSITIVE OUTLOOK	PERCENTAGE OF NEGATIVE OUTLOOK
Self-perception (joyful, active, fully engaged Opportunities)	95	5

The level of socialising	98	2
Aspiration of future leadership	84	16
Decision-making over issues	83	17
Perception about women	62	38

Source: Field Data, 2010

However, after joining OISL, 94% of the respondents had positive outlook about their own self, they said they were joyful, active and are always fully engaged, leaving only 5% with little or no self confidence. The results from the study indicated that 98% of the clients are now able to socialise publicly, and participate in church activities, community activities and political activities in the communities; however, it was found out that only 60% could participate in the above mentioned activities prior to joining OISL's microfinance programme. Asked if respondents are aspiring to take up leadership roles in future, 84% were positive about that dream, meanwhile before joining OISL's programme only 30% of the hundred respondents could do so. It was also known that 83% of the respondents could make personal and family's important decisions now due to some training programmes they have enjoyed in OISL. Before joining OISL only 48% of the total sample could make such decisions. The respondents confessed that their perception about women in general has changed from those days when they had to sit back and watch the men make all decisions and cater for the development of the entire family, community and the nation, to a time where they can also contribute their meaningful quota to socio-economic development. On a whole, results from the study on clients' self-esteem and empowerment have shown that they have experienced empowerment within themselves.

4.3 Conclusion

The chapter presented and discussed the findings from the study. It begun with the socio-economic characteristics of respondents, followed by the impact of microfinance at the social and economic level. It is evident from the findings that, OISL's microfinance programme has contributed immensely to the socio-economic empowerment of women in Ghana.

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CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter provides a general summary and conclusions from the study, as well as recommendations for policy analysis. At the end of the chapter, limitations of the study and suggestions for further studies are provided.

5.1 Summary of the study

The study investigated the effect of microfinance on the socio-economic empowerment of women with a focus on OISL's microfinance programme. Bennet and Goldberg (1993) asserted that in developing economies, low-income women are often victims of societal suppression and abuse; while their counterparts in developed economies are victims of lending discrimination. It is therefore argued that lending to women may help empower them economically and socially. The heightened interest in the gender dimension of microfinance in recent times stems from the fact that women are often seen as instruments for societal change and development and as such, empowering them may be of great benefit to society.

In order to assess the contribution of microfinance to the socio-economic empowerment of women, the survey method was adopted where questionnaires were administered to the beneficiaries of the OISL programmes. Data collected was analyzed using descriptive techniques such as frequencies and percentages and results were presented relying on tables, bar and pie chart. The findings from the study indicated that OISL's microfinance

programme had some impacted positively on the clients' businesses, improvement in their family lives and social standing as a whole.

5.2 Conclusions from the study

The following conclusions were made from the study.

First, the study revealed that access to microfinance has contributed immensely to the economic empowerment of women through improvement in their businesses. The research results on the enterprise level showed that clients with OISL's programme no longer buy their wares on credit, they have enough profit to save, plough back some of their profits for expansion and diversification in their projects.

Second, the study shows that access to microfinance has improved the status of women both at the family level and in society as a whole. At the family level, the study reported an improvement in household income and standard of living of the family. The social level, there was a rise in the confidence level of clients, increased degree of socialization and positive outlook in terms of aspiring to future leadership positions.

5.3 Recommendations

Based on the above conclusions, the following policy recommendations are suggested:

First, OISL should endeavour to extend more credit facilities to clients to expand their businesses since the results from the study confirmed that microfinance had a positive impact on the enterprise level.

Second, OISL should provide more training programmes to women in order to improve their entrepreneurial skills and help reduce the problems which hinder their access to microfinance.

Third, government should consider granting tax exemptions and other incentives to organizations which seek to extend more credit to women as a way of encouraging them to perform.

Finally, OISL should come with a more cost efficient way in its group lending methodologies in order to have a rippling of reducing its lending rate.

5.4 Limitations of the Study and Suggestions for Further Studies

Due to time and cost constraints, the study relied only on samples drawn from the Greater Accra region although OISL operates in eight regions in Ghana. It is therefore suggested that further studies should be done in other regions in order to access the nationwide impact of OISL microfinance programme on the socio-economic empowerment of women.

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APPENDIX

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY KUMASI, INSTITUTE OF DISTANCE LEARNING

QUESTIONNAIRE ON “MICRO FINANCE AND ECONOMIC DEVELOPMENT OF GHANAIAI WOMEN”

Personal Data and Background

Age

20-35 (b) 36-50 (c) 51- 64 (d) 65 and above

Gender:

Male

Female

3. Marital Status:

Married (b) single (c) widow (d) divorced

4. Level of Formal Education:

(a) 1st cycle (b) 2nd cycle (c) tertiary (d) none

5. Business Activities undertaken:

Trading (b) Food Industry (c) Manufacturing (d) Service(e) Others-specify

6. How much was your initial working capital?

(a) GH¢10- GH¢100 (b) GH¢110-GH¢200
(c) GH¢210- GH¢500 (d) GH¢510 and above.

7. How did you come by your initial or start-up capital?

(a)NBSSI / District Assemblies Common Fund
(b) Commercial Bank / Rural Bank
(c)Savings and Loans / Micro Finance Institution, NGO
(d)Rotary savings Club / Moneylenders. / Friends and family

8. Do you have access to other credit facilities apart from OISL?

Yes

No

9. If Yes, which one of the following:

(a)NBSSI / District Assemblies Common Fund
(b)Commercial Bank / Rural Bank
(c) Savings and Loans / Micro Finance Institution, NGO
(d) Rotary savings Club / Moneylenders. / Friends and family

B. IMPACT AT THE ENTERPRISE LEVEL

10. Have you experienced an improvement / diversification in your business after taking the loan from OISL?
Yes No
11. Have you been able to employ someone else?
Yes No
12. Do you have a positive dream / goal for your business?
Yes No
13. Have you experienced increased entrepreneurial skills in your business?
Yes No

IMPACT ON THE FAMILY

14. Have you been able to contribute to housekeeping in any kind?
[Yes] [No]
15. Have you seen any improvement in your family's standard of living (education, health etc).
[Yes] [No]
16. What has been the relationship between your husband, children and yourself?
(a) Greatly improved
(b) Somehow improved
(c) No change
(d) Worse
17. Are you respected within the family and why?
[Yes]
[No]
Do you have any positive dreams for your family?
[Yes] [No]

E. Self-Esteem within the Community

19. Are you able to express yourself in public? PAST PRESENT
[Yes] [No] [Yes] [No]
20. Do you participate in any Communal, Political, Social group or Church activities?
[Yes][No] [Yes] [No]
21. Are you aspiring for any Leadership position? [Yes] [No][Yes] [No]

F. Empowerment Tool

22. How do you feel about yourself?
PRESENT: []
PAST : []

23. How about your ability to make decisions?

PRESENT: []

PAST : []

24. Your level of Self-esteem?

PRESENT: []

PAST : []

25. Do you feel marginalized in your society? [Yes] [No]

KNUST

