

**THE ROLE OF MICROFINANCE ON FEMALE-OWNED SMALL SCALE  
ENTERPRISES IN THE ASHANTI REGION**

by

Eunice Francisca Otoo (B.ED Accounting)

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## DECLARATION

I hereby declare that this submission is my own work towards the MBA and that, to the best my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

Eunice Francisca Otoo

*E. Otoo*

16/10/09

PG1631507

Student Name & ID

Signature

Date

Certified by:

Mr P.K.Oppong-Boakye

*P.K. Oppong-Boakye*

16/10/09

Supervisor(s) Name

Signature

Date

Certified by:

Mr J.M. Frimpong

*J.M. Frimpong*

19-10-09

Head of Dept. Name

Signature

Date

## ABSTRACT

Small scale enterprises of women face financial crisis in terms of raising enough capital for investment and reinvestment. The problem of these enterprises is due to the fact that the traditional banks and traditional banking principles do not support the funding of such enterprises. Microfinance therefore, would have been the best alternative but ironically it is alleged to shirk this responsibility. These institutions thereby, profit at the expenses of these enterprises. The study therefore sought to find out the impact microfinance has on women enterprises in the Ashanti region of Ghana.

Qualitative and quantitative data collection methods were used to collect the primary data. A survey method and key informants interview were the tools used to collect data. Secondary data were also to argument the primary data. Questionnaire, containing open close ended questions was designed to aid in data collection. 200 women small scale entrepreneurs were sampled using the simple random non replacement sampling. However, the key informants were purposively selected.

S.P.S.S programme was used to help process data for analysis. It was discovered that microfinance has no significant impact on small scale enterprises of women. There was also high interest rate thereby depriving the women of potential capital as well as conditionalities attached to the granting of microcredit. These conditions could affect the businesses of these women entrepreneurs.

This study recommended among others that government through ministry of finance and economic planning should mainstream microfinance in the national economic policy that would ensure that women enterprises are specially catered for. It

also suggested that repayment schedule should be made flexible for women entrepreneurs to pay without difficulties. MFIs were advised to undertake other social intermediation functions in order to fully improve the status of these poor women.





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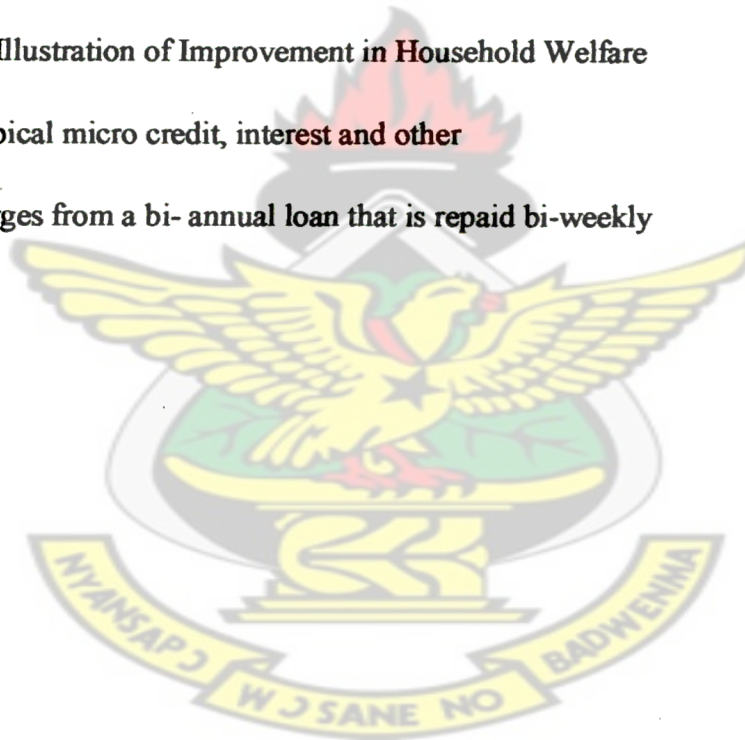
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## CHAPTER ONE

### 1 INTRODUCTION

#### 1.0 Background to the study

The concept of microfinance is not new in Ghana because there has always been the tradition of people saving, taking small loans from individuals and groups within the context of self-help to start business or farming ventures. First credit union in Africa was established in Northern Ghana in 1955 by the Canadian Catholic missionaries. However, the SUSU which is one of the microfinance schemes started in Nigeria and spread to Ghana in the early 20<sup>th</sup> century. Microfinance has developed into its current state through governmental policies and programmes. For instance provision of subsidized credit in the 1950s, the establishment of African Development Bank (ADB) and the establishment of rural and community Banks in the 1970s and 1980s as well as the promulgation of PNDCL 328 in 1991 to allow the establishment of different categories of non-banking financial institutions including savings and loans companies and credit unions (Asiama et al, 2007).

Microfinance encompasses the provision of financial services and the management of small amount of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services. It is thus one of the critical financial tools for the poor. According to Simanowitz et al, (2007) as cited in Asiamah et al (2007), microfinance is a key strategy in reaching the Millennium Development Goals (MDGs). The objectives of microfinance among

others are that the poor, mostly women (because of their engagement in unpaid work) need access to productive resources with financial services being a key resource. Micro finance can have significant impact on cross cutting issues such as women empowerment thereby promoting gender equality. Microfinance schemes usually lend small short term loans to very poor micro-entrepreneurs (very poor micro-entrepreneurs are women). Loan repayment is always guaranteed by group members collectively and access to future credit or loans is contingent on successful repayment. Hence peer monitoring and the prospect of subsequent larger loans act as strong incentive for repayment (Ray, 1998). In fact microfinance interventions should favour women. According to the 2000 population and housing census 80% of the working population is found in the private informal sector. The sector is characterized by women dominance and lack of access to credit from the traditional banking institution due to the question of collateral security. Therefore the effectiveness of any microfinance scheme or programme should be assessed based on how it has been able to empower women economically, politically and socially. This would entail government of Ghana formulating plans and programmes to support small scale enterprises in general and women enterprises in particular of which micro credit should be an integral part.

Increasing evidence shows that not only is women overrepresented among the poorest people but is also more likely than men to spend their incomes on the welfare of children and dependents. Therefore poverty reduction programmes which target women are likely to be more effective. Again there is much evidence that in microfinance there is higher repayment and savings discipline among women than men. Empowering women is the second stated goals of microcredit summit

campaign. There is also the evidence of significant potential for microfinance to enable women to challenge and change gender inequalities at all levels. There is now the growing need to rethink the current best practices to ensure that women have equal and possibly preferential access to all types of financial services (Mayoux, 2006). Many microcredit programmes have targeted one of the most vulnerable group in society-women who are in households which own little or no asset. By providing opportunity for self employment, many studies have concluded that these programmes have significantly increased women's security, autonomy, self-confidence and status within their households (Mayoux, 2006). Is this the case in Ghana? If microcredit is to play a strong role in development of Ghana, certain requirement needs to be fulfilled. As such poor women should be the target group of any microfinance scheme.

The United Nations Capital development Fund has been the channel for UNDP to fund microfinance interventions. However, United Nations Development Fund for women is a way of strengthening women's institutions at the grass root level. Are these programmes and interventions replicated in Ghana? This study is fervently searching for the answer.

This study would therefore find answers to various questions raised herein. It would in short find out the impact of microfinance on women enterprises and special treatment women enjoy as entrepreneurs if any in the Ashanti region. Even though USAID began to support Opportunity International's microfinance institutions in Ghana-Sinapi Aba Trust of an amount of \$2, 066477 and hopes to increase it to \$6.8m; the real impact is yet to be assessed. And that is what the study seeks to unearth.



## **1.1 Problem Statement**

The main objective of microfinance scheme or programme is to provide opportunity for the poor to access financial services in order to engage in income generating activities. This as it were, would lead to economic empowerment of the poor women, according to Moser (1998) all over the world form majority of the poor because they are deprived of the paid jobs. It is therefore, logical that interventions such as microfinance especially micro credit target women. Microfinance programmes have the potential to initiate a series of virtuous spirals of economic empowerment, increased well-being of women and their families and a wider social and political empowerment (Mayoux, 2006). United Nations Development Fund for Women (UNIFEM) provides credit to women as a way of strengthening them economically and politically. Are these women empowered socio- politico economically as a result of microfinance services they have benefitted? These issues raise question as to whether the government or financial institutions have some special facilities in place to support women in micro enterprises. These deserve a scientific investigation so as to assess the impact of micro financing on micro enterprises run by women in Ghana particularly those in the Ashanti region.

## **1.2 General Objectives of the Study**

The study generally attempts to find out the impact of micro financing on women enterprises in the Ashanti region.

### **1.2.1 Specific objectives**

- a) To identify some of the microfinance products (facilities or interventions) available to small scale enterprises run women.

- b) To find out specific microfinance packages for women entrepreneurs.
- c) To examine the impact of micro finance intervention(s) on small enterprises run by women entrepreneurs in the Ashanti region.
- d) To make recommendations.

### 1.3 Research Question

What impact has microfinance had on micro enterprises run by women in the Ashanti region?

### 1.4 Justification of the study

Microfinance and gender issues inform geo-politics of today. Any government or institution which ignores them does so at its own peril. As such the findings of the study may be tapped by policy makers and institutions especially those in the microfinance services to develop policy framework which will take care of gender issues in micro financing in Ghana. This study intends to be a pace setter for similar studies to be embarked. The information gathered can be used to improve the lot of Ghanaian woman.

### 1.5 Research Methodology

The study used both survey and in-depth interview to gather primary data for the study. Simple random sampling was used to select respondents. The study area was limited to Kumasi metropolis. This area was purposively selected due to the proliferation of small scale enterprises and financial institutions in the city. The study focused only on the impact of microfinance on women micro enterprises.

S.P.S.S Microsoft programme was used to analyse the data. Descriptive statistics was applied to group the information for easy comparison to draw conclusion.

### **1.6 Limitation of the study**

As a matter of fact rural enterprises ran by women were not included. Some respondents who were originally selected for the study had to be replaced due to their refusal to talk to the researcher. They attached superstition to the exercise and claimed it would collapse their businesses. Financial and time constraints also set a limit on the extent to which the study and analysis could go.

### **1.7 Organization of the study**

The study is divided into five (5) main chapters or components. Chapter one deals with the introductory aspect of the study whilst chapter two is devoted to the reviewing of relevant literature. Chapter three attempts a presentation of the methods used in the study. The two remaining chapters-four and five highlight data presentation and analysis, and discussion of finding and recommendations respectively.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

Micro finance encompasses the provision of financial services and the management of small amount of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services. It thus consists primarily of providing financial services, including savings, microcredit, micro-insurance, micro-leasing and transfers in relatively small transactions designed to be accessible to micro enterprises and low income households (Asiama et al 2007).

Women have been taken for granted since prehistoric days to date. This is due to ignorance which gives rise to a social structure that reinforces women's subordination and inequality. For instance, Al-Bizri (1995) quoted PLO leader Yasser Arafat as saying "The wombs of Palestinian women are bombs in the confrontation with the Israeli's". This demonstrates the extent to which women can be used as animals for social sacrifice.

It is against this background that Beijing Declaration and platform for Action (1996) noted with concern that there were considerable differences in women's and men's access to and opportunities to exert power over economic structures in their societies. In most parts of the world, women are virtually absent from or are poorly represented in economic decision-making including the formulation of financial,

monetary, commercial and other economic policies. Since it is often within the framework of such policies that individual men and women make their decisions, inter alia, on how to divide their time between remunerated and unremunerated work. The actual development of these economic structures and policies has a direct impact on women's and men's access to economic resources, economic power and consequently the extent of equality between them at the individual and the family level as well as in the society as a whole. The document indicated as a critical area of concern the advancement of women and the achievement of equality between men and women are matters of human rights and a condition for social justice and must not be seen in isolation as a women's issue. To this end, governments, the international community and civil society, including non-governmental organizations and the private sector are called upon to take strategic action among others in the following critical area of concern. There are insufficient mechanisms at all levels to promote the advancement of women.

Gender differences are core in World Bank lending. They are relevant for poverty alleviation. Thus understanding the responsibilities and roles of women and men among various income groups will help borrowers plan and implement effective development strategies. Attention to gender issues such as inequality in accessing resources is essential to achieving the Bank's mandate of poverty alleviation and economic growth (Moser, 1999). As a result of this structural inequality, at women's rights convention held in Seneca Falls, New York, 1848 participants created a modified version of the declaration of independence. They called it the declaration of sentiments and resolutions. Some of the excerpts read "We hold these truths to be self-evident that all men and women are created equal... The history of mankind is a

history of repeated injuries... on the part of men towards women, having in direct object the establishment of an absolute tyranny over her: He has compelled her to submit to laws in the formation of which she had no voice. He has monopolized nearly all profitable occupations, and from those she is permitted to follow, she receives but a scanty remuneration. He closes against her all the avenues to wealth and distinction which he considers most honorable to himself. He has endeavored in every way that he could to destroy her confidence in her own powers, lessen her self-respect and to make her willing to lead a dependent and object life. In view of their social degradation and in view of the unjust laws above mentioned and because women do feel themselves aggrieved, oppressed and fraudulently deprived of the most sacred rights, we insist that they have immediate admission to all the rights and privileges which belong to them as citizens of the world” (emphasis added); (Newman, 2004). Anthropologists and sociologists agree that most societies around the world devalue women to some extent. As a result, women represent 70% of the 1.3 billion people living in poverty worldwide (stockyard et al 1992 as cited in Newman 2004). The same author reported that about two-thirds of U.S men and women would have to change jobs today to achieve equal gender distribution across occupations. Today, women continue to have much less earning power in the labour market than men. In response to some of these structural discrimination and mismatch led to the introduction and adoption of policies such as affirmative action, introduced in the 1960s. This was a programmed designed to seek out members of less privilege groups (women, for instance), for positions of which they had previously been excluded.



According to the review findings of World Bank's 1994 gender policy; the Bank starts by identifying Gender and development (GAD) as its framework, but frequently refers to women as a separate target group rather than identifying women's priorities or needs in terms of men's. In terms of policy approaches there has been a shift from a welfare policy approach targeting women as a vulnerable group to one emphasizing economic efficiency which is identified as a direct link to the World Bank's overarching mandate of poverty reduction. The Bank's Policy paper on gender emphasizes the importance of focusing on strong economic arguments showing that women can and must play a role in economic development. In preparations for the 1995 Beijing Conference, the Bank's Gender policy also, endorsed a concern for social justice, stating that: "Investing in women is thus an important part of development strategy as well as a matter of social justice" (Moser 1999)

## **2.2 Policy Approaches to Women Empowerment**

Throughout the World and Third World in particular, in the past twenty or so years, there has been a proliferation of policies, programmes and projects designed to assist low income women. These approaches are classified under Women in development (WID) and gender and development (GAD). WID approach views women as the problem and thus focuses on women. The aim of this framework is to achieve more efficient and effective development by integrating women into the development process. Some strategies for achieving this include development of women's projects, integrated projects, increase women's productivity, increase women's income and increase women's ability to look after households. This framework enhances practical gender needs (PGN); the needs women identify in

their socially acceptable roles in society. Gender and development (GAD), on the other hand focuses on the relations between men and women, unequal relations of power (rich and poor, women and men) that prevent equitable development and participation, empower the disadvantaged and women and at the same time address women's strategic interests or needs. GAD approaches attempt to meet strategic gender needs of women. They are the needs women identify because of their subordinate position to men in their society. Meeting strategic gender needs help women to achieve greater equality. Some of the WID/GAD policy approaches include Welfare, equity, antipoverty, efficiency, empowerment and equality. Welfare approach is the earliest of all which functioned between 1950 and 1970. Its original purpose was to bring women into development as better mothers. Equity is the original WID approach used in the 1975-1985 UN Women's decade. Its purpose is to gain equity for women who are seen as active participants in development. It challenges women's subordinate position. Antipoverty is a second WID approach, a refined down version of equity adopted in the 1970s onwards. Its purpose is to enhance the productivity of low-income women. Mayoux (2006) seeks to link micro finance with this approach when she explained that microfinance should target the poor who are mostly women.

Efficiency is the third WID approach adopted since the 1980s debt crisis. Its purpose to ensure that development is more efficient and effective through women's contribution. Empowerment is the first post WID approach, articulated by women in developing countries. Its purpose is to empower women through greater self-reliance. It seeks to meet strategic gender needs of women. Equality is the most recent GAD approach emerging from the Fourth World Conference on women (Beijing, 1995)

and widely adopted by governments and agencies. It introduces equality as a human right and emphasizes that power-sharing and more equitable partnership between women and men are politically, social and economic prerequisites for sustainable, people-centered development. All the GAD approaches (empowerment and equality) seek for the economic, social and political empowerment of women. Mayoux, (2006) believes that micro financing of women enterprises is the means by which these can be achieved.

# KNUST

## 2.3 Microfinance Definitions and Historical Background

Micro finance encompasses the provision of financial services and the management of small amount of money through a range of products and a system of intermediary functions that are targeted at low income clients. It includes loans, savings, insurance, transfer services and other financial products and services. It thus consists primarily of providing financial services, including savings, microcredit, micro-insurance, micro-leasing and transfers in relatively small transactions designed to be accessible to micro enterprises and low income households (Asiama et al 2007). Robert et al (2004), also refer to micro finance as a movement that envisions a world in which as many poor and near poor households as possible have permanent access to an appropriate range of high quality financial services, including not just credit but also savings, insurance and fund transfer.

In another development, Robinson (2001) asserted that microfinance schemes usually lend small short-term loans to very poor micro entrepreneurs. Loan repayment is usually guaranteed by group members collectively and access to future



credit or loans is contingent on successful repayment. Hence peer monitoring and the prospect of subsequent larger loans act as strong incentives for repayment. Offering financial services to poor people in developing countries is expensive business. The cost is one of the biggest reason traditional banks do not make small loan. The resources required for a small loan is the same for big loan. MFI also have big personnel and administrative costs. Field staff managers must perform village surveys before entering a village, conduct interview with potential borrowers, educate borrowers in credit discipline, travel to the villages every week to collect repayments and distribute loans and control that the loans are being used for given purpose. As a result, MFIs charge interest rates that sound higher. Microcredit is the provision of cash and in kind loans in smaller amounts to micro, and small enterprises meant to improve their business operation. The microcredit loan cycles are usually shorter than traditional commercial loans with terms from typically 6 months to one year with repayment schedule being weekly or forth nightly. The shorter loan cycles and weekly payments help the borrowers to stay current and not become surprised by larger payments. In order to be able to lend out money, MFIs must in addition borrow from the traditional finance sector with commercial perspectives. There is always about 1-2% loss on loans due to payment default.

Data from the micro Banking Bulletin reports that 63of the world's top MFIs had an average rate of return, after adjusting for inflation and taking out subsidized programmes of about 2.5% of total assets. This indicated microfinance can be sufficiently attractive for investors and those in the retail banking sector. The income generating loan is used for a variety of activities that generate income for their families. Loans are paid in 50 equal, weekly installments. After completion of a loan

cycle, the client can submit loan application for a future loan. The mid-term loan (MTL) is available to clients after 25 weeks of repayment of IGL. A client is eligible for a MTL if the client has not taken the maximum amount of the IGL. The residual amount can be taken as a MTL. The terms and conditions of the MTL are otherwise exactly the same as IGL. The emergency loan is available to all clients over the course of a fiscal year. The loan is interest free and the amount and repayment terms are agreed upon by the MFI and client on a case by case basis. The amount is small compared to IGL and is only given in times of dire need to meet expenses such as funerals, hospital bill, prenatal care and other crisis situations. There is also the group lending where individuals in a group are given loans in the name of the group. The members monitor themselves to ensure that all members use the money for the purpose it was taken. They also ensure prompt repayment and in default by any member, the group is held responsible for it.

The individual's loan is designed for clients who have specific needs beyond the group lending model. There are usually restrictions regarding what the money should be used for. Microcredit cannot be used for the purposes like payments of other loans or debt; production of tobacco and liquor; forming turnover capital of trade and intermediary business; organization or purchasing products for gambling or entertainment services for the population; establishing trading point, purchase of property that is not used for business (Sniapi Aba Trust operation policy). Micro savings – a possibility to save money without minimum balance, it allows people to retain money for future use or for unexpected costs. Micro insurance gives the entrepreneurs the chance to focus more on their core business which drastically reduces the risk affecting their property, health and working possibilities. There are

different types of insurance services like life insurance, health insurance, property insurance and disability insurance. The range of services in this sphere is constantly expanded as schemes and terms of providing insurance services are determined by each company individually. Micro leasing enables entrepreneurs of small business who cannot afford to buy at full cost can instead lease equipment, agricultural machinery or vehicles. Money transfer is another microfinance product, a service for transferring money, mainly overseas to family or friends. Money transfer without opening current accounts are performed by a number of commercial banks through international money transfer systems such as Western Union, money grams and Anelik.

In Bangladesh, as in many other developing countries, subsidized rural credit offered by government banks laid the basis for its rural credit policy. It did not work. Repayment rates were low and loans (or forgiveness of past loans) were often used for political reasons, under cutting the effects of the policy. The Grameen Bank started in the mid 1980s by Mohammed Yunus, lends to very poor households and to groups of borrowers rather than individuals. A typical group consists of five borrowers and lending to individuals within the group occurs in sequence. The average loan size is around \$100. No collateral is required and the normal rate of interest is around 20% (roughly 12% real). Over 90% of the borrowers are women. Average repayment rates are over 97% (Ray, 1998). The central feature of the Bank's lending policy is that in the event of a default, no group member is allowed to borrow again. This means that a group has to be formed very carefully by the individuals to weed out bad borrowers who could jeopardize the credit worthiness of the group as a whole. This will also ensure peer monitoring. The participatory nature



of the Bank's projects together with emphasis on women entrepreneurs and empowerment creation have raised hopes of reducing poverty through this approach. As a result UN has committed through its agencies to support microfinance institutions (MFIs) in developing countries such as Ghana (UN report, 1998, 2000). It has, therefore, advised governments of developing countries to support MFIs in their respective countries. The main objective of microfinance scheme is to provide opportunity for micro entrepreneurs to access financial services which would otherwise not possible under traditional banking system. It provides the opportunity for the poor to access credit without collateral security, savings and entrepreneurial training. In other words the poor also need access to productive resources with financial services being a key resource. Microfinance can have significant impact on cross-cutting issues such as women empower thereby promoting gender equity (Mayoux, 2006).

#### **2.4 Impact of Microfinance on Micro Enterprise and Poverty Alleviation**

Many studies and some authorities have concluded that micro finance schemes embarked in many developing countries have yielded positive results (Ray, 1998). It is against this background that United Nations Capital Development Fund has been established as the channel for UNDP to fund microfinance interventions. Many micro credit programmes have targeted one of the most vulnerable groups in society-women who live in households which own little or no assets by providing opportunities for self-employment. Many studies have concluded that microfinance products have significantly improved the economic standing of the poor as well as

increasing women's security, autonomy, self-confidence and status within households (UN report, 1998, 2000).

Such studies recommend that if micro-credit is to play a strong role in development then certain requirements need to be fulfilled. The most crucial requirement is to perceive micro-credit lending as part of a comprehensive programme of support to small scale enterprise sector, the consultative group to assist the poor (CGAP) estimates that the sector already employs 500 million of the poor. It constitutes an active base for strengthening the private sector in developing countries. This would entail governments of developing countries (Ghana inclusive) formulating plans and programmes to support small enterprises in general and women enterprises in particular of which microcredit should be an integral part.

Derek Newberry (2008) also perceives micro finance in a rather uncertain term. Microfinance the practice of providing financial services to the poor is not necessarily going to increase a country's economic growth rate. He sums up his view in this way "Microfinance is the practice of providing financial services to the poor which is a great thing in and of itself. Then again I have failed to see a study that proves that there is a linkage between macroeconomic growth of a country and the provision of financial services to the poor. So my conclusion at this point is that microfinance is weakly associated with macroeconomic growth. It is just one factor; it is not necessarily going to cause a country's GDP to increase. It has to be accompanied by things like good governance, infrastructure, and transparency in economics and all sorts of other things that microfinance cannot in and of itself bring about". In another development, when Omidyar Network (a philanthropic investment firm established

by Pierre and Pam Omidyar) participated in the Units Leadership Summit in 2007 in the Philippines the founders of the network indicated that they were impressed by the energy and enthusiasm with which units and its partners were extending the reach of micro finance and transforming the lives of the poor. Mr. Matt Bannick, managing partner of the Network said “when we look at the incredible results that Units and its partners have achieved over the past six years, we are thrilled to continue to support, scale and champion these innovative organizations as they seek to maximize social impact”. All these are indications of real impact of microfinance. Microfinance now finds itself at a reflection point. On the one hand, there have been calls for microfinance not to profit off the backs of the poor.

On the other hand those who know microfinance realize that it can't scale from 100million client today to its potential market of 4 billion without the capital markets and the formality capital markets require (Katz, 2008). A microfinance Research symposium was organized by FINCA International, at Georgetown University. FINCA is a non-profit microfinance institution founded in 1984. Its first project was to create a group lending system-a village Bank in Bolivia. The success of this enterprise led to the growth of an extensive franchise network of these villages Banks which now spans 21 countries and serves over 700, 000 clients. Microcredit changed Shobi Rani's Life, an impoverished Yorghurt seller at Bangladesh. Three months after Rani receive a loan of 500 Euros form the Grameen Bank to start her little enterprise. The Bank has helped many of such people and has won the 2006 Nobel peace prize for executing the microcredit mantra: giving the poor a helping hand, now called the banker of the poor. But the situation is far from rosy in Kalihati, one of the first Bangladeshi villages to benefit from the Grameen's



low interest credit scheme. The villagers who took the loans were unable to reimburse their credit and claimed they were harassed by the Bank's representatives (Noguera, 2008).

It should be noted that although a large number of studies undertaken so far on the impact of microcredit programmes on household incomes show that participants of such programmes usually have higher and more stable incomes than they did before joining the programmes. Some practitioners still have reservations about the findings of those studies. Moreover, not many microcredit programmes can afford to undertake impact assessments because they are generally expensive and time-consuming. There are serious disagreements among experts on the validity of methodologies used in some of the published studies. Some studies show that there are limits to the use of credit as an instrument for poverty eradication, including difficulties in identifying the poor and targeting credit to reach the poorest of the poor. Again the poorest of the poor are usually not in a position to undertake economic activities partly because they lack business skills and even the motivation for business. Furthermore, it is not clear if the extent to which microcredit has spread or can potentially spread, can make a major dent in global poverty (UN report, 1998).

Thus, however, effective the role of microfinance organizations in providing financial service to the poor, they cannot substitute for broader policies to promote pro-poor economic growth, and equitable social development. Microfinance may at most provide safety net for the poor rather than a ladder out of poverty (Hye, 1993, Kabeer, 2005). A study by Norwood, (2005) about the effects of microcredit in Ghana found that it has no real impact on empowering the poor especially women.

Sobhan, (2005), asserts that poverty will not be eradicated in any country by funneling billions of dollars to myriads of micro-programmes designed to provide micro-credit to the poor to survive in the informal economy. He refers to such interventions as **penny packet approach to poverty** which is obvious of the injustices of the social order which create poverty. According to Sobhan by its very nature microcredit can never aspire to eradicate poverty since it only addresses a component of the various markets which condition the lives of the poor. Providing micro- finance services to marginal clients is a complex process that requires very different kinds of skills and functions. This may require more than one institution. Understanding how the process of financial and social intermediation takes place require systems analysis rather than a simple institution analysis. Within the system framework there are four broad categories of services that may be providing to micro-finance clients. **Financial intermediation-** this is the provision of financial products and services such as saving, credit, insurance, credit card, and payment services. **Social intermediation-**this is the process of building the human and social capital required by sustainable financial intermediation for the poor. **Enterprise development services-**these are non-financial services that assist micro-entrepreneurs. These include: business training, marketing and technology services, skills development and sub-sector analysis. **Social services-** these include: education, health and nutrition and literacy training.

## **2.5 The need for Microfinance Products to target Women Enterprise**

Microfinance programmes not only give women and men access to savings and credit but also reach millions of people worldwide bringing them together

regularly in organized groups. Although no magic bullet, micro finance programmes are significant contributions to gender equality and women's empowerment as well as pro-poor development and Civil Society strengthening (Mayoux, 2006). She further reiterates that through their contribution to women's ability to earn an income, these programmes have potential to initiate a series of virtuous spirals of economic empowerment, increased well being for women and their families and a wider social and political empowerment. Targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990s.

Observation and empirical research finding is that few women are in the formal sector employment. On the contrary, many women are absorbed in the informal sector employment and some research findings state that about 91% of Ghanaian women are self-employed ((Fosu-Mensah, 2003). The attractiveness of the informal sector is due to its flexible entry requirements, attitudes and cultural norms. They do not need to produce any educational certificate and working hours are flexible. It has again revealed that many women find it difficult to get their enterprises sustained and besides, many who have the potential to start such businesses find it difficult to access credit (UN report 1998). Many occasions they have to rely on money-lenders, pawn brokers, and credit associations, friends, relatives, suppliers and shopkeepers for a start-up. While these avenues offer flexibility of access, repayment schedules can be costly and discriminatory. Very often borrowers are unable to pay back debts and end-up having to sell their small holdings, household goods and personal belonging and join the poor and the deprived women (Fosu-Mensah, 2003). Fosu-Mensah, further cited, ILO (1998) as saying that recent studies in Philippines, Bangladesh, Trinidad and Tobago have confirmed the



lack of capital especially in the start-up period as the problem most often mentioned by women entrepreneurs. The study also reveals that formal financial institutions have been less receptive to female entrepreneurs. The collateral requirements, disbursements procedure, the time and resources necessary to visit the banks and the discriminatory banking culture virtually exclude women clients.

A study by carter and cannon (1992) on women has also revealed that women have problems raising start-up for business than men and that women encounter credibility problems when dealing with bankers. Similarly, the 'Women Entrepreneurs' summit hosted by the Organization for Economic Cooperation and Development (OECD) held in 1997, accessibility to credit facilities was raised as a problem for the promotion of women entrepreneurship and business advancement. Thus, supplying credits to small and micro-enterprises is important for the reasons that: First, it has to do with market imperfection where banks do not favour lending to small enterprises. In offering credit to small enterprises, market imperfection will thus be minimized since banks will now favour lending to small enterprises especially, women in the promotion of gender equity (Fosu-Mensah, 2003). Again, they favour the development of private sector, the promotion of women and the implementation of community development by private initiative and they help to reduce poverty and contribute to a fairer income distribution.

In a workshop held in Dares salaam, 1997, the participants observed that many women suffer human rights abuse because of their economic weakness. Ms Nambuo added that it is often a product of their comparative lack of educational opportunities so reinforcing their women's rights might include challenging



traditions, ensuring that education is available, providing legal help and making business capital available (Commonwealth report, 2001). Increasing evidence shows that not only women are overrepresented among the poorest people but are also more likely than men to spend their incomes on the welfare of children and dependents. Therefore, poverty reduction programmes which target women are likely to be more effective. Again, there is much evidence that in microfinance there is higher repayment and savings discipline among women than men. Empowering women is the second stated goal of microcredit summit campaign. There is also evidence of significant potential for microfinance to enable women to challenge and change gender inequalities at all levels. There is now the growing need to rethink the best practices to ensure that women have equal access to all types of financial services (Mayoux, 2006).

## **2.6 International Organizations Efforts toward Micro financing**

Microfinance plays an important role in poverty alleviation by way of making financial services available to the poor to start up business. These micro entrepreneurs would otherwise not benefit under traditional banking system. The strategic role played by microfinance has led to its international recognition and support. Micro-finance institutions rely on lending to small enterprises in agriculture distribution, craft, trading and similar activities. The participatory nature of these projects, together with emphasis on women entrepreneurs and employment creation has raised hopes of reducing poverty through this approach (UN report, 2000). Again, microfinance for women has recently been seen as a key strategy in meeting not only millennium Goal 3 on gender equality but also poverty reduction, health,

HIV/AIDS and other goals (Mayoux, 2005). All these purported advantages of microfinance encourage international bodies to move in to support this course in the Third World Countries.

In the first place UN has taken a lot of steps to make microfinance in developing countries a sustained programme. Summits have been held to highlight the role of microfinance in poverty alleviation (UN report, 2000). The United Nations capital development fund has been the channel for UNDP to fund microfinance interventions. United Nations Development fund for women (UNIFEM) provides credit to women as a way of strengthening women's institutions at the grass root level. The Economic and Social Commission for Western Asia (ESCWA) has a number of activities for promoting entrepreneurship in small enterprises. One of its major activities is providing support to start-up business and building national training capacities. A number of start your own business courses for potential entrepreneurs and trainers in cooperation with local institutions have been conducted since 1990 (UN report 2000).

In 1994 USAID supported Sinapi Aba Trust with an amount of \$2,066,477 for a period of six years which served over 100,000 poor entrepreneurs. USAID in the same year awarded a matching grant to opportunity international for microfinance work in many countries under which opportunity's microfinance institution in Ghana received \$103,150. Opportunity International has since 2004 obtained debt and equity financing in an amount of \$3,650, 000 and had mobilized deposits value of \$1.2 million (www.opportunity Org). It is thus, not surprising that the government of Ghana has taken the issue of microfinance more seriously.

## 2.7 Microfinance in Ghana: The Evolution

Microfinance, small financial transactions with low-income households and micro enterprises both urban and rural, is using non-standard methodologies such as character-based lending, group guarantees and short-term repeat loans (Steel et al, 2003). Indeed, the concept of microfinance is not new in Ghana. There has always been the tradition of people saving and / or taking small loans from individuals and groups within the context of self-help to start business or farming ventures. Available evidence suggests that the first credit union in Africa was established in Northern Ghana in 1955 by Canadian Catholic missionaries. However, “Susu” one of the microfinance schemes in Ghana is thought to have originated from Nigeria and trickled down to Ghana in the early twentieth century (Asiamah et al, 2007). Over the years microfinance sector has thrived and evolved into its current state. Thanks to the various financial sector policies and programmes under taken by different governments since independence. These include: Provision of subsidized credit in the 1950s.

- The establishment of agricultural Development Bank in 1965 specifically to address the financial needs of fisheries and agricultural sector.
- Establishment of rural and community banks (RCBs) and the introduction of regulations such as commercial banks being required to set aside 20% of the total portfolio, to promote lending to agriculture and small scale industries in the 1970s and early 1980s.
- Shifting from a restrictive financial sector regime to a liberalized regime in 1986.



Promulgation of PNDCL 328 in 1991 to allow the establishment of different categories of non-bank financial institutions (NBFLs), including savings and loans companies and Credit Unions (Asiama et al, 2007) The potential of microfinance to reach large numbers of the poor is now well understood (Robinson, 2001; steel et al, 2003). Diversity of rural microfinance institutions (RMFIs) and products are facilitated by a flexible regulatory environment in which they can develop innovative methodologies for reaching different market niches not served by commercial banks. The financial system in Ghana falls under three main categories; formal, semi-formal and informal. The formal financial institutions are those that are incorporated under companies code 1963 (Act 179) which gives them the legal identify as limited liability companies and subsequently licensed by the bank of Ghana under either the Banking law 1989 (PNDCL 225) or the financial institutions (Non-Banking) law 1993 (PNDCL 328) to provide financial services under Bank of Ghana regulation. The Rural and community Bank (RCBs) operates as commercial banks except that they cannot undertake foreign exchange operations. Among the nine specified categories of non-banking financial institutions the savings and loans companies which are restricted to a limited range of services, are most active in micro and small-scale financial intermediation using microfinance methodologies (Steel et al, 2003)

NGOs and credit Unions (CUs) are considered to be the semi-formal system. They are formally registered but are not license by the Bank of Ghana. NGOs are incorporated as companies limited by guarantee (not for profit) under the companies' code. Their poverty focus lead them to penetrate to the poor clients using micro finance methodologies,. They are not licensed to take deposits from the public and



hence have to use external (usually donors) funds for microcredit. The informal financial system covers a range of activities called “Susu” including individual savings collectors, rotating savings and credit associations, and savings and credit clubs ran by an operator. It also includes money lenders, trade creditors, self-help groups and personal loans from friends and relatives. Money lenders are supposed to be licensed by the police under money lender ordinance 1957. To one school of thought the proliferation of microfinance institutions and activities are only a sham and exploitative. However, others such as Littlefield and other believe that these institutions play a messianic role in poverty alleviation struggle (Asiamah, et al 2007).

Nevertheless at some point in the sector’s evolution, in the growth of a successful RMFI, in the willingness of investors to entre these niches, regulations were made appropriate to facilitate commercialization and sustainability of the RMF industry (especially through the mobilization of savings from the public) and to ensure the stability of financial system as well as protect deposits. Ghana is particularly interesting because it has evolved a tiered system of different laws and regulations for different types of institutions, largely in response to local conditions, needs and institutional developments. The resulting system resembles the tiered approach recommended by the World Bank’s 1999 study of microfinance regulation from the view point of a regulator trying to assess the characteristics of MFIs (steel et al 2003.)

These authors further indicated that Ghana has focused on poverty reduction as a core of its development strategy. This approach was galvanized in 1995 with launching of the first version of Ghana Vision 2020 initiation of institutional arrangements to promote and analyze poverty reduction. The government prepared a development strategy for poverty reduction in 2000 and has since prepared the Ghana poverty reduction strategy 2002-2004; an agenda for growth and prosperity. Poverty in Ghana has reduced from 51% in 1991-92 to about 43% of the population living below the poverty line in 1998, although the average consumption level of the poor in Ghana is about 30% below this level (steel et al 2003). The overall policy framework for microfinance is informed by the poverty reduction strategy which seeks to balance growth and macroeconomic stability with human development and empowerment in such a way as to positively reduce the country's poverty levels in the medium terms. The overall strategy emphasizes the reduction of inflation and the need to sharply reduce the fiscal deficit as a key step to reduce the extent of the public sector's crowding out of the private sector in the financial markets and to help lower interest rates. A Microfinance strategy paper was prepared through a consultative process in 2000, but was never taken up by cabinet before a change of government. The poverty focus has led the new regime to expand, direct, subsidize credit programmes that are consistent with best the practices in microfinance and tend to under mine development of the industry. (Steel, et al, 2003).

In terms of regulatory framework, rural and community banks are regulated under the Banking Act 2004 (Act 673), while the saving and loans companies are currently regulated under the Non-Bank Financial Institutions (NBFI) Law 1993 (PNDC, 328). The regulatory framework for Credit Unions is now being prepared

which will recognize their dual nature as cooperatives and as financial institutions. The rest of the players such as, Financial Non-Governmental Organizations (FNGOs), rotating savings and credit associations (ROSCAS) and others do not have legal and regulatory frameworks (Steel et al, 2003). Programmes currently addressing the sub-sector in Ghana include the financial sector improvement project, financial sector strategic plan (FINSSP), the rural financial services project (RFSP), the United Nations Development Programme (UNDP), microfinance project, the social investment fund, the community based rural development programme, rural enterprise project (REP) and Agricultural services investment project.

Microfinance institutions in Ghana include, the rural and community banks, savings and loans companies, Financial NGOs, primary societies of credit union Association, Ghana "Susu" Collectors Associations, development and commercial Banks with microfinance programs and linkage, micro-insurance and micro-leasing services. There are also microfinance Apex bodies such as Association of Rural Banks (ARB) Apex Bank, Association of financial NGOs, Ghana Cooperative credit unions Association and Ghana cooperative "Susu" collectors Association. Supporting institutions are microfinance and small loans centre (MASLOC), The Ghana microfinance institutions network (GHAMFIN), Development partners and international NGOs and universities, training and research institution. Government institutions which are supporting microfinance are ministry of finance and economic planning, Ministries, Departments, Agencies (MDA) Metropolitan, Municipal and District Assemblies as well as the Banks. According to Simanowitz et al (2004) as cited in Asiama, (2007), micro credit is a key strategy in reaching the MDGs and in builds global financial systems that meet the needs of the poor people. Littlefield et



## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter deals with the research design. It therefore examines the ethical considerations adapted to gather information for the study. It focuses on the study area, methods of data collection and sampling techniques and procedure. The rest are pretesting and data processing as well as other methods used in the study.

#### **3.2 Study Area**

A study of this nature as a matter of fact should have covered the entire country. The importance of microfinance as a tool for poverty reduction is such important that it deserves a nationwide study. However, time constraints and the nature of the strategic location of microfinance institution make it possible to limit the study to the Ashanti region of Ghana. Kumasi and its environs are purposively selected because of the proliferation of microfinance institutions in the area. Most of these institutions operate beyond Kumasi, however, the clients deal with them as though they were residents in Kumasi. Kumasi is also a vibrant economic metropolis with a lot of people engaged in micro enterprises and have benefitted from microfinance. Kumasi is a populous metropolis whose population stands at 1,170,270 and accounts for 1/3 of the total population of Ashanti region (2000 population and housing census report). Having taken all these factors into consideration it is likely that the result of this study would be valid and reliable,



### **3.3 Target Population**

The population of interest comprises all micro/medium women entrepreneurs. They must engage in any form of economic activities for which they have accessed any microfinance products.

### **3.4 Source of Data**

Information was gathered from two main sources, namely primary and secondary sources. Secondary sources involved the information gathered from analysis on microfinance and other related information. The information included published works and was obtained from libraries (public, friends and personal) by way of raw data, magazines newsletters and so on and also from the internet. The unpublished data was sourced from previous theses, files and documents from relevant institutions such as Sinapi Aba Trust, Opportunity International, Garden City Savings and loans limited, Manna project and others. Primary sources on the other hand involved the collection of data from persons believed to have the requisite information. These sources included the two hundred respondents whose views were quantitatively tapped and four key informants whose views were qualitatively collected. These four key informants were, the CEO of Garden City Savings and loans limited, the Adum Area manageress of Women's world Banking, the project manager of Sinapi Aba Trust and the director of manna project.

### **3.5 Methods of data collection.**

Qualitative and quantitative data collection methods were used. In this case triangulated research methods were used. Methods were combined so that the strength of one method overcomes the weakness of the other method. In the case of the qualitative data collection, key informants' interview was used to elicit information from key members in microfinance and small scale enterprise. These included four key informants mentioned earlier on and two female micro entrepreneurs who benefitted from microfinance. Quantitative data collection method used in the field work was survey or by administering questionnaire. This instrument contained open and close ended questions. Ethical consideration was given the necessary attention so as to avoid personal questions which could be embarrassing to the respondents. This also ensured that the rights of the respondents were taken care of. As a result respondents were not forced to answer any question against their will. Permission was also sought to gain access to these respondents. The permission was obtained from the microfinance institutions who in turn informed their clients who happened to form the study group.

#### **Pretesting**

After designing the questionnaire, a pretest of this instrument was carried on people with similar characteristics with that of the sample units. They included 10 women entrepreneurs who have benefitted from microfinance at Kwadaso. This was done to determine the validity and reliability of the questionnaire. As a result certain questions were removed whilst others were added.

## **Sampling Procedure**

The population of interest of this study is the women micro entrepreneurs who have benefitted from microfinance of any kind, given the sensitive nature and perhaps the fact that many of the microfinance institutions target groups, certain areas were covered. Microfinance institutions such as Sinapi Aba Trust, Garden City Savings and loans Limited, Manna project, First allied Savings and loans limited and few others were consulted for a list of their respective clients. The sampling frame was developed out of the list. And to avoid concentration of the study on particular areas and neglect others, two separate sampling frames were developed. These were developed based on the number of groups given to us. Out of these sampling frames 200 respondents were selected through simple random non replacement sampling for the study. In the case of the selection of the key informants for interview, snowballing technique was used, by this technique, the team identified the project manager of Sinapi Aba Trust and through him other members were contacted. In the case of the Adum branch manager of women's world banking, she was personally contacted for permission to interview her.

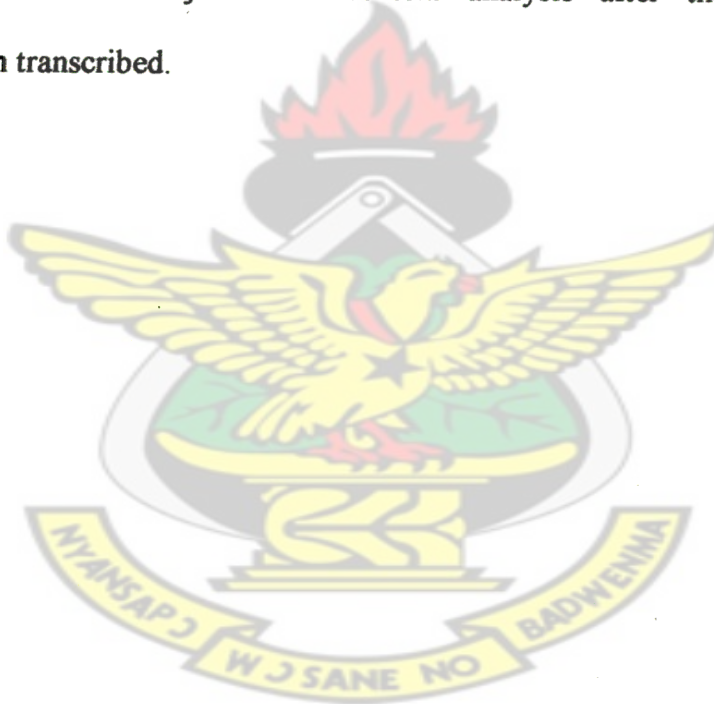
## **Questionnaire Administration**

Face-to-face interviewing technique was used to collect the data. This method was used because of the busy nature of the respondents and the technical nature of the questionnaire. It also ensured a high response and completion rate. To ensure effective administration and observation of ethical values, two assistants were recruited. They were trained on the correct interpretation of the questions in twi since all the respondents understood twi. They were also taught how to present themselves

and the study to the respondents. As a result they collected the data without or with little difficulty

### **Data Handling**

The data from the quantitative survey was edited, coded and fed onto the computer for processing. Using the statistical package for the social sciences (SPSS) program me the data was grouped using frequency distribution tables to provide a picturesque presentation of the data. However, the data gathered from key informants' interview was subjected to content analysis after the recorded discussions had been transcribed.





## **CHAPTER FOUR**

### **DATA PRESENTATION, ANALYSIS AND DISCUSSION**

#### **4.0 Introduction**

This chapter is devoted to the presentation and analysis of the data obtained from the field. This helped the researcher to make comparisons of variables, use frequencies, percentages and charts to derive the right perceptions and realities regarding microfinance in the Ashanti region of Ghana.

The first part of the analysis is limited to the socio-demographic characteristics of the respondents. Consideration was given to these factors because of the influence they have on the social life of individuals especially those in the microfinance world. Socio-demographic variables analyzed included age, marital status, educational attainment, number of children etc. The subsequent part deals with the analysis of the views of the respondents on microfinance. This part was analyzed and organized in relation to the objectives of the study.

#### **4.1 Socio-Demographic characteristics of respondents**

##### **4.1.1 Sex and Age**

Sex is a very important factor to consider when conducting research into micro financing. It is important because the area basically serves the interest of the informal sector dependents. These are mostly women. Given the nature of the research topic, the target group was women who had benefited from microfinance.

As such the respondents were mainly women apart from the few male key informants. In all 200 female respondents were selected for the study. In Ghana and perhaps in many developing countries, gender equality in the distribution of benefits is yet to be possible. According to Jones et al, (2004: 330) “ a widespread stereotype of women is that they are nurturing, supportive and concerned with interpersonal relations”. In the light of these most corporate bodies such as microfinance institutions more tend to target women. Microfinance institutions more often than not delight in transacting business with women because of their credit worthiness (Mayoux, 2006). It is against this background that unisex (female) was used in the survey. This afforded the researcher the opportunity to examine how microfinance as poverty reduction strategy targets the vulnerable group,-women. This helped the researcher to achieve the objective on whether there are any specific packages for women enterprises.

As regards the age distribution of the respondents they were within the age range of 20 to 50 plus. This was done in order to solicit information from a wide range of people based on their age. The data showed that majority of the respondents interviewed fell within the age group of 30 -39 years (modal age group) with a frequency of 92, representing 49% of the total respondents. The ages of the respondents are depicted in the table below.

**TABLE 1: Ages of the Respondents**

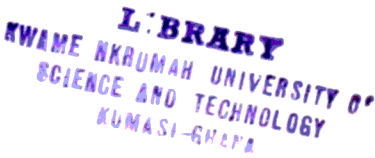
AGE (YEARS)	FREQUENCY	PERCENTAGE
Below 20	2	1.0
20-29	40	20.0
30-39	92	46.0
40-49	57	28.5
50+	9	4.5
Total	200	100

**Sources : Researcher’s Fieldwork**

A cursory observation of the age distribution of the respondents shows that about 67% of the respondents were youth (below 40years) while 33.0% were 40years and above. This was not a coincident but an indication of the young women’s interest in engaging in income generating activities to earn their livelihood. It also showed the preparedness of young ladies to access microfinance product.

**4.1.2 Marital Status and Number of Children**

Like age and sex, one’s interaction with others and access to poverty reduction interventions such as microfinance are functions of marital status of the individual. The culture of Ghanaians is such that the husband must control every activity in the household. This includes accessing microfinance products because in the event of defaults the husband must pay. As a result, most married women would not dabble in microfinance activities. However, those who are not married and those who would like to be independent may opt for these products which would make them self –sufficient. It is in response to these variations that marital status was included as a variable to examine. It was also meant to assess the impact of



marriage on micro financing. For instance, merger (2005) maintains that the slower advancement of women in the corporate world is a function of family roles (merger, 2005: 306) and that there must be in place androgynous roles (roles that disregard gender division of labour) to make women independent as entrepreneurs. Table two below indicates the marital status of the respondents.

**Table 2: Marital status of respondents**

STATUS	FREQUENCY	PERCENTAGE
Married	77	38.5
Unmarried	52	26.0
Divorced	63	31.5
Widowed	8	4.0
Total	200	100.0

**Source: Researcher’s Fieldwork**

A critical look at the figures in table two shows that 77(38.5%) of those interviewed were married, 63(31.5%) divorced, 52(26%) unmarried and 8(4%) widowed. Even though 38.5% of the respondents were married as against 26.0% who were not married, this situation does not take away the fact that a lot of the respondents were without husbands. This is inferred from the table above where 61.5% of those interviewed did not have husbands. Perhaps a quotation from merger (2005: 302) would help explain why majority of the respondents were without husbands. Traditionally, women have been expected to perform household duties centering on child rearing and domestic functions. Men, on the other hand have been



expected to leave the home to work, with the primary responsibility for supporting the family economically and protecting its members – men exercise supervisory roles over the women (emphasis added). It can be deduced from the statement that men would always exercise their control over their wives to perform certain roles and not to perform others. This might account for a large number of these micro entrepreneurs not having husbands since they can take their own decisions, only if they are single. As a result of being single they are able to focus on their enterprises without any male control.

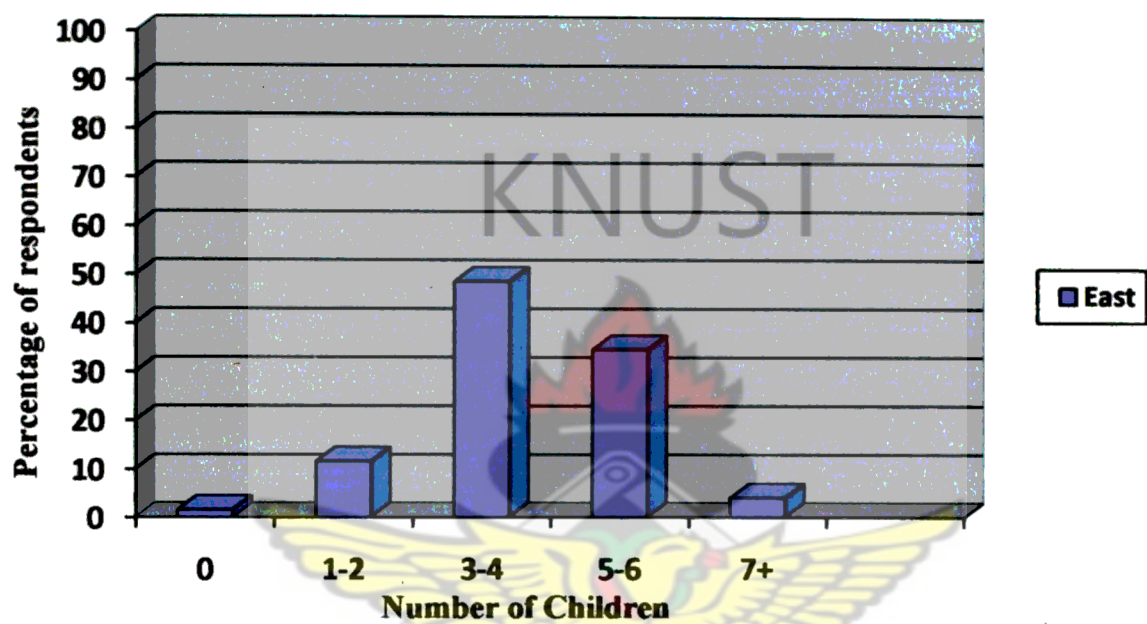
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Childbirth is one of the most cherished values in Ghana and people are regarded as being responsible and adults when they have children. Most women in Ghana would like to take credit and work harder if they have children to take care of. Women are likely to spend their incomes on their families and would like to take micro credit and use it for the sake of their children. So the number of children a woman has can influence the way she puts to use micro credits, her seriousness to raise enough money to pay back the loan and to have enough to keep the family going (UN report 1998, Mayoux 2006). It is therefore, reasonable to conclude that most of these women micro entrepreneurs were without husbands because they wanted to be independent and self – controlled.

As mentioned earlier, having a child or children motivates women to access micro credit to enhance their income generating activities. This is meant to help them generate enough money to support the family. To some extent, having children determines the utilization of microfinance product(s) that an individual has accessed. Some women would tend to use it (them) to solve family problems instead of

investment. It is for this reason and many others that number of children of the micro entrepreneurs was a necessary variable to include for analysis. The number of children of the respondents is graphically represented in the figure below.

**FIGURE 1    A bar chart showing the number of children of the respondents**



From the bar chart it is observed that as many as 48.5% of the micro entrepreneurs interviewed had between 5 to 6 children whereas 11.5% had 1 to 2 children and 4.0% and 1.5% had 7or more and no child respectively. It is concluded that about 98.0% of those interviewed were mothers of at least a child. This demonstrates the social impact of microfinance on Ghanaian societies.

**4.1.3      Educational Attainment and enterprise engaged in**

Education, it is said that throughout the world has become a vast and complex social institution that prepares citizens for the role demanded by other social institutions such as family government, economy, health etc. Students learn far more

about their society at school than what is included in the curriculum (Schaefer, 2005). The statement indicates that the level of education of an individual influence his /her ability to function effectively in a particular sector of the economy. As to whether microfinance would be useful or not depend on the level of education of the individual. Therefore, the level of education of microfinance supported entrepreneurs is an important variable to consider when examining the impact of microfinance. Again, Asiamah et al (2007) mentioned that micro enterprises are dominated by people with little or no education. The level of education also to some extent determines the kind of micro enterprise one can engage in. The situation on the ground seems to support the assertion that a great number of people who engage in micro businesses are basically illiterates or have low level of education. Majority of the respondents had basic education and perhaps this accounted for why majority of them were into petty trading and did not keep proper accounts of their businesses. They formed 48.0% of the total respondents. Those who claimed to have no education at all accounted for 32.5% whereas professionals, those with tertiary education, senior high and others accounted the rest of the 19.5%. In another development, 48% of those interviewed engaged in petty trading, chop bar operation and cooked food industry in general, dressmaking, Hairdressing, selling of building materials or chemicals auto parts and decorations were some of the occupation s respondents engaged in.

#### **4.1.4 Number of years in the enterprise**

Experience in terms of number of years a person has engaged in a particular enterprise is an important variable in dealing with issues of micro finance. Experienced micro entrepreneurs normally get a good return on capital employed,



because they know when, where and how to invest micro credit. This justifies the inclusion of the variable. In this regard as many as 101(50.5%) said that they had been working in the enterprise for more than five years. As a result they were very experienced in their chosen business enterprise. Again 36 representing 18.0% and 22 (11.0%) stated that they had been engaged in the business for 3 and 4 years respectively. Only 13 (6.5%) indicated they had only 2 years working experience on the business. The rest 28 (14.0%) mentioned that they had only one year or less working experience in the enterprise.

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#### **4.2 Microfinance Intervention Available to Small Scale Women Enterprise**

This section attempted a discussion of the actual views of the respondents on the subject matter of the study. It was expected that the discussion would lead to the discovering of the real impact of microfinance on small scale enterprises of women in the Ashanti region of Ghana. The discussion was done in relation to the views expressed by the respondents, key informants and other opinion leaders. In order to ascertain the impact of micro finance on small scale enterprises of women, it is just logical to find out the micro finance interventions open to women entrepreneurs in the Ashanti region. In view of this respondents were asked to mention microfinance product(s) which they could easily access. In response to this question, 34.5% of the respondents mentioned micro saving whilst 46.5% said it was micro credit. For 5.0% it was micro insurance and 14.0% indicated payment services. Nobody mentioned credit card as an intervention. This means that it is not popular among female small scale entrepreneurs in the Ashanti region. (Credit card is a small plastic card that one uses to buy goods or services and pay for them later). To the same question about 64.5% of the respondents claimed they benefitted from micro credit. Also about



21.0% mentioned having enjoyed savings. The rest, 14.5% stated they had been beneficiaries of payment services. From the data, the fact still remains that micro insurance and credit cards are not popular with the female micro entrepreneurs in the Ashanti region. To these microfinance interventions, a good number (89.0%) of the respondents indicated their commitment to keep faith with their respective interventions for reasons that: these microfinance products have helped them to expand their businesses. They had shored them up to meet certain social responsibilities in the family. However, those who wanted to back out stated reasons such as high interest rate and inflexible repayment schedule and conditions. To further probe for the loyalty of the respondents to these products, respondents were asked to mention when they started to access the product(s). Majority (48.5%) of them indicated that they started in 2004/2005. In 2001 or below, only 12 people, that is 6.0% claimed they had accessed microfinance product. The table below represents these views.

**TABLE 3: The time respondents started accessed micro product.**

TIME (WHEN)	FREQUENCY	PERCENTAGE
Below 2002	12	6.0
2002-2003	9	4.5
2004-2005	92	46.0
2006-2007	63	31.5
2008-2009	24	12
Total	200	100.0

**Source : Researcher's Fieldwork**

From the table, it is observed that majority of the respondents started to benefit from micro financing in 2004 /2005. This sharp increase in the number of women, even men in microfinance can be attributed to the Ghana poverty reduction strategy which sensitizes micro entrepreneurs especially the women on the role of microfinance as poverty reduction strategy. Even though the percentage decreased from 46.5 in 2004 /2005 to 31.05% in 2006/2007, the decrease in the percentage was not worrying. However, from 2008 to 2009 only 24(12%) respondents indicated that they accessed the facilities during this time. This trend can also be linked to the current global economic meltdown which has weakened economic activities. So women entrepreneurs could not gather momentum to go for such facilities. According to some of the key informant such as project manager of manna project this reflected on their records.

#### **4.3 Specific Packages for Women Enterprises (Entrepreneurs)**

Women are the economically vulnerable group and so poverty reduction strategies and programmes should target them (Mayoux, 2006) .Therefore, for a Ghanaian women to be empowered economically, such facilities as microfinance, as a matter of necessity, must have a special package for women entrepreneurs and their enterprises. It was in the interest of this that the section sought the views of respondent as to whether or not a special package exists for women entrepreneurs and their enterprises. In view of the issues raised earlier respondents were asked to state how they got to know about the existence of the microfinance product they were benefiting from. In responses, 74.5% of them mentioned that they heard it from friends, 15.5% said it was through accredited agents (workers) of the institution and 10, 0% said it was heard on media. They unanimously stated that they were asked to

form group of ten members and open compulsory savings accounts. They were also of the view that they did not provide collateral security however, the group members served as the security to ensure repayment. This accounted for the high group loans disbursement because it ensures high repayment (Ray, 1998). When a question was also posed as to whether or not they enjoy special treatment by virtue of their being women entrepreneurs, the response was no. But records in those institution studied showed that majority of the beneficiaries of microfinance products were women and this was not based on any deliberate attempt (package) to support women enterprises. This fact was confirmed by the regional manageress of the women world banking and other key informants interviewed.

In a related development about 80% of the respondents mentioned that there were things that they liked about their service providers. In spite of this 20% believed that the provider institution had nothing they liked. And for those who were content with the activities of MFIs, had their reasons as well as those who thought otherwise. Table 4 illustrates these reasons.

**TABLE 4: Reasons f or liking or not liking anything about the MFI**

REASONS	FREQUENCY	PERCENTAGE
Effective communication of new development	89	44.5
Flexible repayment	6	3.0
Advice on monetary policies	10	5.0
Training programme	50	25.0
High interest rate	45	22.5
Total	200	100.0



**Source: Researchers Fieldwork**

The table revealed that there was effective communication between service providers (MFI) and customers. This had helped built the image of these institutions. This is why respondents indicated effective communication as something majority of respondents liked most. Respondents accounting for 25.0% mentioned that the training programme organized by these institutions was what they were fascinated about. However, 22.5% of the respondents stated that the high interest rate was something they disliked about the MFIs. These people were likely to include those who indicated that there was nothing they liked about their MFIs. To the remaining 3.0% they like the institution's flexible repayment schedule. In all one could say that majority of the respondents liked one or two things about their service providers (MFIs). At manna project the interest rate is 3.34% monthly and compounds every months.

In matters relating to interest rate and whether or not there were some conditions attached to the granting of micro finance products, the respondents were affirmative. They all agreed that some conditions attached to these interventions were inhuman. However, about 3.5%of the respondents claimed the interest rate was manageable; Table five illustrates some of the conditions attached to these products. The modal condition was group formation which was represented by 65% of the total responses. The table below illustrates these responses:



**TABLE 5: Conditions attached to MFI products**

CONDITIONS	FREQUENCY	PERCENTAGE
Group formation	130	65
Mandatory savings accounts	40	20
Collateral security	2	1
Inflexible repayment schedule	23	11.5
Guarantors	5	2.5
Total	200	100.0

**Source: Researcher's Fieldwork**

This condition especially group formation which fortunately is the modal condition has been examined in previous studies. In Ray (1998) Grameen bank grants credit to women group for reasons such as:

1. To use the group as security against other members defaulting.
2. To help members develop team spirit
3. To help members develop leadership skills

These reasons are implied,

Others may argue that this is unfair because except for the purpose of business these people are not related. So it would be unreasonable to guarantee for anyone to take credit. The opening of mandatory savings accounts and inflexible repayment schedule were mentioned by 40 and 23 respectively. The project manager of manna project (MFI) asserted that compulsory saving of 10% of the credit was

meant to ensure the security of the credit at least not to lose all the money. However, it is interest free and refundable. For those who might take other products other than group credits were required to provide collateral security and guarantors. In any case, these conditions, respondents said could be worrying.

#### **4.4 The impact of microfinance interventions on women enterprises.**

In related event, questions were posed to respondents to help determine or measure the real impact of microfinance products on women enterprises. These set of questions were asked because it is one thing giving out MFI products to micro entrepreneurs and another thing having the potential to serve the purpose for which it was given. In respect of this, respondent were expected to state whether loans or credits given them by MFIs were sufficient or not. In response 86.5% of them mention that the loans were not sufficient whilst 13.0% mentioned that it was okay for them. The rest were undecided. All the key informants interviewed accepted this view in unison and said that was the usual complaints. Nevertheless, they indicated that issues bordering on credit or loan should be examined. They also mentioned that loans policies in the respective institutions determined whether loans should be increased or not. In most cases loans were increased upon the completion of the cycle (A period of six month). Respondents also indicated their loan would be sufficient if it were increased by two or three times. Nobody mentioned that the loan should be increased by four or five times. This is a clear indication of the candid nature of these respondents in their quest for large loans.

In another development, respondents were asked to tell if the loan have had any effect on their turnover. It was not surprising that about 56.5% of them said yes whilst 35.0% said it had decreased their output. The remaining 9.5% said it remained the same. However they could not give the percentage increased or decrease because most of them had little or no education. There is no gainsaying the fact that even though majority (56.5%) said the loan had improved their turnover, those who said otherwise remained significant. Following this question was the issues of increased or decreased in profit of the enterprise and whether this has impact on the working capital. In responses to these issues, respondent told a difficult thing to understand. 59.0% mentioned that their profits had increased while 41.0% said their profits had decreased. However, when they were asked to tell if this had increased their working capital since part of the profit could be ploughed back. Majority of them said no, perhaps the profit margin was not wide enough to cater for reinvestment. Only 5.5% claimed they could expand their businesses. Respondents were also posed with question on if they had experienced any improvement in their household welfare (standard of living) after the credit. To this question, 56.5% of the respondents stated their household welfare had been improved. It implies that microfinance has to some extent improved household welfare of some beneficiaries. But 44.5% mentioned that the welfare of their household had not been improved after taken the loan.

**TABLE 6: Illustration of Improvement in Household Welfare**

REASONS ADDUCED FOR IMPROVEMENT IN HOUSEHOLD WELFARE	FREQUENCY	PERCENTAGE
Could buy better cloth than before	5	2.5
Could pay my children's school fees	30	15.0
Afford to pay medical bills/NHIS	28	14.0
Eat a balance diet	21	10.5
Pay water and electricity bills	23	11.5
Can make contribution and donation at church	6	3.0
No answer/comment	87	44.5
Total	200	100.0

This notwithstanding , 15.0% out of the 56.5% mentioned that they could pay their children's school fees, 14.0% said they could now meet their medical bill or join NHIS. The rest also mentioned that they could eat a balanced diet, pay electricity and water bills as well as make contributions and donations at church. On the surface these are indications of positive impact of microfinance. This finding supports little field and others (2003).

When the respondents were asked to mention if they had benefitted from any training programme organized by their MFIs; they unanimously answered in the affirmative. They claimed they were taught how to manage their businesses, keep records, build team work spirit and leadership roles. The project officer of Sinapi Aba Trust said the training was organized to ensure that clients put the loan into good



use. This would mean a good investment for the institution. It is said that not only do MFIs provide their traditional services but also some social services, they mentioned the following: Education and health and nutrition are implied social services. In that they are not directly rendered by the MFIs studied. As for literacy training, the activities of these institutions have helped some women to learn to write especially the names of their customers.

To further probe for the impact of microfinance on women enterprises, certain questions were asked. They were asked to state if the MFI has helped them to improve their business or not. And in connection with that, would they say the MFIs were benefitting at their expense? A good number of the respondents were of the view that microfinance institutions were growing at their expense. This was refuted by some key informants. They however accepted the fact that their interest rate was on the high side which they attributed to banking operations in the country. As many as 51.5%, mention that microfinance institutions, were benefitting at the expense of the poor. They advanced the following argument; that the interest was high and compounded every six month, the mode of repayment was not flexible and duration for repayment was too short; so many conditions attached to it. Nevertheless 44.5 % of the respondents claimed provider institutions were not growing at their expense whilst 4.0% remained undecided. For those who thought that microfinance institutions were not growing at the expense of the poor also adduced the following reasons. That they had been able to expand their businesses, they had a wide range of customers and they could then buy in bulk. The secondary data culled from the books of manna projects gives a clear picture of what benefits a typical bi-weekly

repayment six month loan cycle schedule together with other charges gives to the microfinance institutions.

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TABLE 7: Typical micro credit, interest and other charges from a bi- annual loan that is repaid bi-weekly

GROUP NAME	LOAN CYCLE	NO. OF CLIENTS	LOAN GH¢	APPLICATION FEE A FIXED	PROCESSING FEE B 4%	INTEREST ON LOAN C 3.34PER MONTH	TOTAL INCOME A+B+C	COMPULSORY SAVINGS 10%
GROUP 1	1 <sup>st</sup> cycle	10	1,000.00	20.00	40.00	200.40	260.40	100.00
	2 <sup>nd</sup> cycle	10	2,000.00	20.00	80.00	400.80	500.80	200.00
	3 <sup>rd</sup> cycle	10	3,000.00	20.00	120.00	601.20	741.20	300.00
	4 <sup>th</sup> cycle	10	4,000.00	20.00	160.00	801.60	981.60	400.00
	5 <sup>th</sup> cycle	10	5,000.00	20.00	200.00	1,002.00	1,222.00	500.00
	6 <sup>th</sup> cycle	10	6,000.00	20.00	240.00	1,202.00	1,462.40	600.00
	7 <sup>th</sup> cycle	10	7,000.00	20.00	280.00	1,402.00	1,702.80	700.00
	8 <sup>th</sup> cycle	10	8,000.00	20.00	320.00	1,603.00	1943.20	800.00
	9 <sup>th</sup> cycle	10	9,000.00	20.00	360.00	1,803.00	2,183.60	900.00
	10 <sup>th</sup> cycle	10	10,000.00	20.00	400.00	2004.00	2424.00	1,000.00
Total			55,000.00	200.00	2,200.00	11,022.00	13,422.00	5,500.00

## **SOURCES: Manna Project, 2009**

From a close look at the data, it can be inferred that a loan of Gh¢ 55,000.00 yielded Gh¢ 13.422 in ten cycles. Now, if a loan of Gh¢ 55,000 could make for the MFI interest of 13,422, then one-tenth of this amount which is compulsory fixed deposit under the same circumstance would make Gh¢ 1,342.20. This total gain to the institution which is a loss to the micro entrepreneur amounted to a minimum of Gh¢ 14,764.20 (13,422+1,342.20) for the Gh¢ 55,000.00 loan in ten cycles. This shows that the comparatively high cost of advancing micro-credit is passed on wholly together with profit margins comparable to profits in other lucrative sectors of business to the micro entrepreneur. Since most of these entrepreneurs are women, their enterprises are likely to suffer. This tends to confirm katz (2008) caution and corroborate the finding of Norwood (2005), that micro credit has no real impact on improving the status of the poor and women enterprises.

In the case of the women entrepreneurs, the reason behind a good number of them not being worse off than they started may be attributed to Mohamened Yunus' theory of the awakening of the latent capacities in these women entrepreneurs. This is done through existence of short term repayment that keeps them on the edge to get the money for the MFIs; it pushes them to work hard to ensure that every thing they enter into or items they sell make enough profit to repay the loan. The idea of what is at stake pushes them to work hard. Also the fear of not getting another loan or subsequent larger loans mounts on them and urges them on. The fear of losing dignity before their peers and society and the fear of being harassed and embarrassed should they default are also contributory factors. So it is not the credit per se that



improves the economic welfare of women micro entrepreneurs but the awakening of the latent capacities in these women entrepreneurs.

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## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSION.CONCLUSION AND RECOMMENDATIONS**

#### **5.1 INTRODUCTION**

The effects of microfinance on micro enterprises or micro entrepreneurs have been researched into by many academics. They studied this phenomenon to satisfy both basic and applied researches. However, researchers have failed to agree on the impact of microfinance on the life of the poor or micro enterprise. There are those who believe that microfinance have enhanced the social, cultural and economic conditions of beneficiaries especially women enterprises or women entrepreneurs (Mayoux, 2006). Others on the other hand, claimed microfinance institutions profit at the expenses of the poor (Katz, 2008). As a result the outcome of this study adds up to the controversy surrounding microfinance as poverty reduction strategy.

Notwithstanding, the lack of consensus over the impact of microfinance on the economy and the individuals, many third world countries such as Ghana have vigorously embarked on promoting microfinance. Such drive was based on the belief that economic and social benefits of microfinance far outweigh the cost.

The chapter presents the summary, findings recommendations and conclusion of the study. These are the results of the analysis of the primary and secondary data gathered during the study.

## 5.2 SUMMARY OF FINDINGS

Microfinance has developed into its current state through governmental policies and programmes. It includes loans, savings, insurance, transfer services and other financial products and services. According to Simanowitz et al, (2007) microfinance is a key strategy in reaching the Millennium Development Goals (MDGs). The objectives of microfinance among others are that the poor, mostly women (because of their engagement in unpaid work) need access to productive resources with financial services being a key resource. Micro finance can have significant impact on cross cutting issues such as women empowerment thereby promoting gender equality. Microfinance schemes usually lend small short term loans to very poor micro-entrepreneurs (very poor micro-entrepreneurs are women). Loan repayment is always guaranteed by group members collectively and access to future credit or loans is contingent on successful repayment. Empowering women is the second stated goals of microcredit summit campaign. The United Nations Capital development Fund has been the channel for UNDP to fund microfinance interventions. However, United Nations Development Fund for women is a way of strengthening women's institutions at the grass root level.

The main objective of microfinance scheme or programme is to provide opportunity for the poor to access financial services in order to engage in income generating activities. It is therefore, logical that interventions such as microfinance especially micro credit should target women. Microfinance programmes have the potential to initiate a series of virtuous spirals of economic empowerment, increased

well-being for women and their families and a wider social and political empowerment.

United Nations Development Fund for Women (UNIFEM) provides credit to women as a way of strengthening them economically and politically. Are these women empowered socio- politico economically as a result of microfinance services they have benefitted? These issues raise question as to whether the government or financial institutions have some special facilities in place to support women in micro enterprises. The study generally attempted to find out the impact of micro financing on women enterprises in the Ashanti region; what mechanisms should be put in place to make microfinance useful to women micro entrepreneurs since the study alleged that micro financing favours provider institutions whilst frustrating women entrepreneurs. According to the review findings of World Bank's 1994 gender policy; the Bank starts by identifying Gender and development (GAD) as its framework, but frequently refers to women as a separate target group rather than identifying women's priorities or needs in terms of men's. The Bank's Policy paper on gender emphasizes the importance of focusing on strong economic arguments showing that women can and must play a role in economic development. All the GAD approaches (empowerment and equality) seek for the economic, social and political empowerment of women.

The main objective of microfinance scheme is to provide opportunity for micro entrepreneurs to access financial services which would otherwise not possible under traditional banking system. Microfinance can have significant impact on cross-cutting issues such as women empower thereby promoting gender equity. The most



crucial requirement is to perceive micro-credit lending as part of a comprehensive programme of support to small scale enterprise sector.

Indeed, the concept of microfinance is not new in Ghana. Promulgation of PNDCL 328 in 1991 allows the establishment of different categories of non-bank financial institutions (NBFLs), including savings and loans companies and Credit Unions. Microfinance institutions in Ghana include, the rural and community banks, savings and loans companies, Financial NGOs, primary societies of credit union Association, Ghana "Susu" Collectors Associations development and commercial Bank with microfinance programs and linkage, micro-insurance and micro-leasing services. There are also microfinance Apex bodies such as Association of Rural Banks (ARB) ARB, Apex Bank, Association of financial NGOs, Ghana Cooperative credit unions Association and Ghana cooperative "Susu" collectors Association. Supporting institutions are microfinance and small loans centre (MASLOC), The Ghana microfinance institutions network (GHAMFIN), Development partners and international NGOs and universities, training and research institutions.

Kumasi is chosen as the study area because it is a vibrant economic metropolis with a lot of people engaged in micro enterprises and have benefitted from microfinance. In the case of the qualitative data collection, key informants' interview was used to elicit information from key members in microfinance and small scale enterprise. The population of interest of this study is the women micro entrepreneurs who have benefitted from microfinance of any kind, giving the sensitive nature and the fact that many of the microfinance institutions target groups,

certain areas were covered. Microfinance institutions such as Sinapi Aba Trust, Garden City Savings and loans Limited, Manna project, First allied Savings and loans limited and few others were consulted for a list of their respective clients.

The respondents were mainly women apart from the few male key informants. In all 200 female respondents were selected by means of simple random sampling for the study. The study examined some demographic variables such as age, level of education and others. Other variables were used in order to ascertain the impact of micro finance on small scale enterprises of women in the Ashanti region.

The study found out that majority of microfinance supported women entrepreneurs were aged between 30-39 and most of them (38.5%) were married with children. Credit card and payment services were not popular. It was also discovered that there was no special microfinance package for women entrepreneurs and their enterprises.

The study also revealed that the interest rate is high and thereby depriving women entrepreneurs of potential capital resulting in microfinance institutions profiting at the back of these micro entrepreneurs. This implies that women entrepreneurs are working for microfinance institutions which they took loans. The study therefore, concluded that microfinance does not have any real impact on small scale enterprises of women in the Ashanti region.

The following recommendations have been made in respect of the findings of the study; Microfinance institutions should embark on educational programmes on microfinance product. In order to make microfinance effective and sensitive to the needs of women micro enterprises, the interest should be reduced and be made known to the customers. Women enterprises should be also given a special place in micro financing.

### 5.3 DISCUSSION

The study was carried out to find out the'' impact of microfinance on small scale enterprises of women in the Ashanti region of Ghana''. This study made the following observations and discoveries.

The study found out that majority of microfinance supported women entrepreneurs were aged between 30-39 and most of them (38.5%) were married with children. However, 61.5% were without husbands. Those with at least a child constituted about 98%. About 80% of these entrepreneurs had basic or no formal education. And they had been doing that business for five or more years.

Another revelation of the study was that micro credit and micro savings were two most popular microfinance products open to women entrepreneurs. Credit card and payment services were not popular. Majority (89%) of the respondents accessed microfinance products from 2004 to date. Many of the entrepreneurs accessed credit between 2004 and 2005. The situation declined drastically in 2008/09. As a matter of fact there was no special microfinance package for women entrepreneurs and their



enterprises. However, they indicated that they were happy with the effective communication between the institution and clients. This did not take away the fact that the interest rate was high and thereby depriving women entrepreneurs of potential capital.

The study also discovered that there were some conditions attached to accessing of these products. These were group formation, opening of mandatory savings account, collateral security, inflexible repayment schedule and guarantors. Beneficiaries thought these conditions were quite worrying. Moreover, the loans granted them were insufficient and that thrice or twice of the amount would suffice.

It also discovered that loans or credit increased output of these women enterprises. However, this increase in output could not be translated into any substantive profit to have any impact on women enterprises.

It was also found that apart from the financial intermediation services provided by the MFIs, they also render social services such as literacy and training as well as building team spirit in these entrepreneurs.

#### **5.4 CONCLUSION**

The study attempted to discover what impact microfinance has on small scale enterprises of women. The study made some findings. Notable among them is the fact that microfinance has not been significant in improving the business status of the beneficiaries. Even those who made profit could not expand their businesses because



the margin of the profit was not enough for any expansion. The study also discovered that even though micro financing serves some useful purposes, it has not been able to effectively improve economic standing of microenterprises. It can therefore, be concluded that microfinance does not have any significant impact on small scale enterprises of women in the Ashanti region. It is by improving the services of MFIs through incorporation of social intermediation into their functions that micro financing would achieve its objective as poverty reduction strategy.

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## **5.5 RECOMMENDATION**

In response to the findings of the study, these recommendations are hereby forwarded. Some of them were recommendations made by the women entrepreneurs themselves.

1. The training programmes organized by MFIs for their clients are laudable and it is recommended that they must continue and if possible such training programmes must improve. Microfinance institutions should also embark on educational programmes on microfinance product. This would offer the client the opportunity to be familiar with the operations of MFIs.
2. In order to make microfinance effective and sensitive to the needs of women micro enterprises, the interest should be reduced and be made known to the customers. And to make repayment flexible it is recommended that repayment be made in such a way that trusted members are given a payment per month instead of the two weeks payment. This would lessen the pressure being put on the clients to repay the credit. Other flexible means of ensuring loan repayment

should be used instead of the group formation. This prerequisite makes group members vicariously responsible for the actions of other members whose behaviours the others may not be reliably informed about.

3. In view of the fact that the loans are usually not sufficient, it is recommended that micro entrepreneurs be given a loan size based on the assessment of their individual enterprises.
4. From all the problems identified, it is recommended that government through ministry of finance and economic planning should mainstream microfinance in the national economic policy. An agency should be set up in the ministry to deal with microfinance issues. Women enterprises should be given a special place in micro financing. This would empower women entrepreneurs who are basically found in the informal sector and improve their standard of living.
5. It is also recommended that MFIs should not provide only financial intermediation and enterprise development services but also social intermediation and social services. By so doing microfinance would be in a better position to serve the interest of the poor including women micro entrepreneurs.

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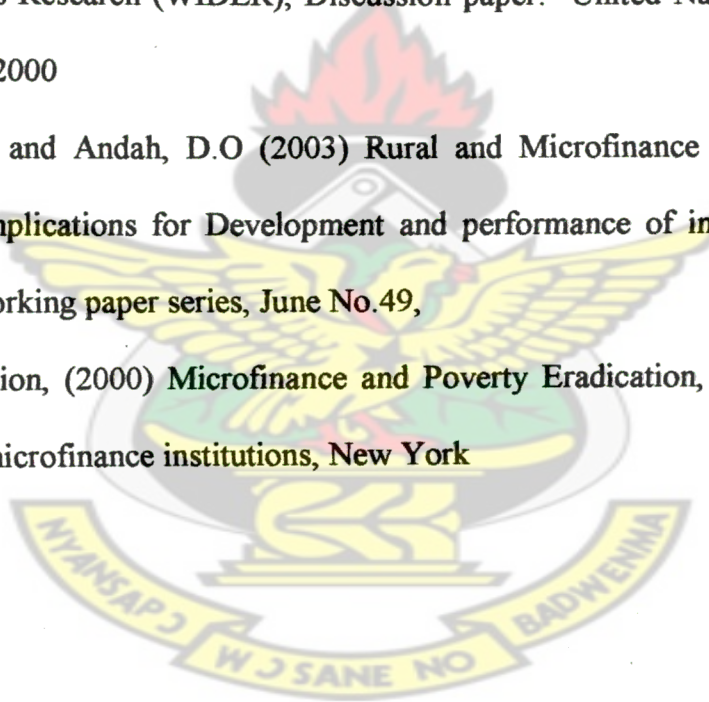
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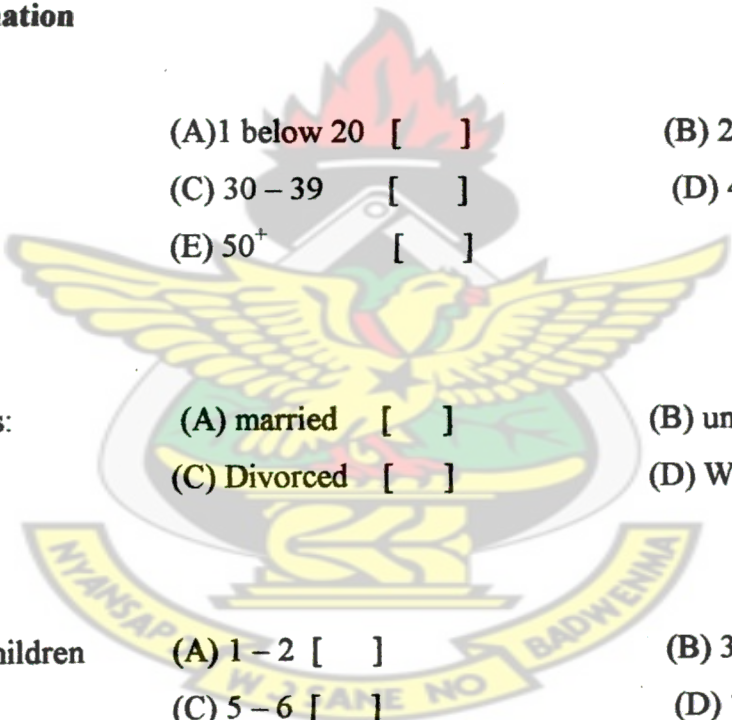
## APPENDIX

### QUESTIONNAIRE

#### INTRODUCTION

These questions are designed to solicit your views on the impact of micro finance scheme on women enterprises in Ashanti region. This field work is part of the preparatory work for the award of MBA degree at KNUST. This study is purely academic and as a matter of fact, the information you provide here would be kept confidentially. Thank you for your support.

#### Personal Information

- 
1. Age (year): (A) 1 below 20 [ ] (B) 20 – 29 [ ]  
(C) 30 – 39 [ ] (D) 40 – 49 [ ]  
(E) 50<sup>+</sup> [ ]
2. Marital status: (A) married [ ] (B) unmarried [ ]  
(C) Divorced [ ] (D) Widowed [ ]
3. Number of children (A) 1 – 2 [ ] (B) 3 – 4 [ ]  
(C) 5 – 6 [ ] (D) 7<sup>+</sup> 6 [ ]
4. Educational Attainment (A) No formal education [ ] (B) Basic [ ]  
(C) SHS [ ] (D) Tertiary [ ]  
(E) Professional qualification [ ]  
(F) Others (specify).....

5. The kind of business enterprise engaged in?

.....  
.....

(A) Petty trading [    ]

(B) Dressmaking [    ]

(C) Hair dressing [    ]

(D) Restaurant (eg. Chop bar) [    ]

(E) Other (specify).....

6. No of years in the business

(A) Under one [    ]

(B) 1 - 2 [    ]

(C) 3 - 4 [    ]

(D) 5 - 6 [    ]

(E) 7+ [    ]

### Microfinance Interventions Available To Small Scale Women Enterprise

7. Which of the micro finance product(s) is/are available to you? Tick

A. Credit [    ]

B. Savings [    ]

C. Insurance [    ]

D. Credit cards [    ]

E. Payment service [    ]

8. Which of the products do you enjoy or had ever enjoyed

.....  
.....  
.....

9. Do you intend to go on with it? A) Yes[    ]

(B) No [    ] Give reasons

.....  
.....  
.....  
.....

10. Since when did you start benefitting from the product?

.....  
.....  
.....

**Specific packages for women enterprise (entrepreneurs)**

110. How did you get to know about such a facility.....

.....

12 .What process did you go through before getting the loan? .....

.....  
.....  
.....  
.....

13. Did you provide collateral security before you were given the loan?

(A Yes [ ]

B No [ ]

14. Do you enjoy any special treatment by virtue of being a woman entrepreneur?

A) Yes [ ]

B) No [ ]

If yes state the preferential treatment? .....

.....  
.....

14. Is there anything that you like about your MFI?

A) Yes [ ]

B) No [ ]

Explain your answer above? .....

.....



15. Do you consider the interest rate on micro credit high or low?

16. Are there any apron strings (conditions) attached to the granting of these microfinance products?

A) Yes [     ]                      B) No [     ]

If yes what are they?

.....

.....

17. Mention the mode of repayment of benefit? .....

KNUST

18. Is the repayment schedule flexible?

A) Yes [     ]                      B) No [     ]

19. Do you think it is rather benefiting the provider institutions?

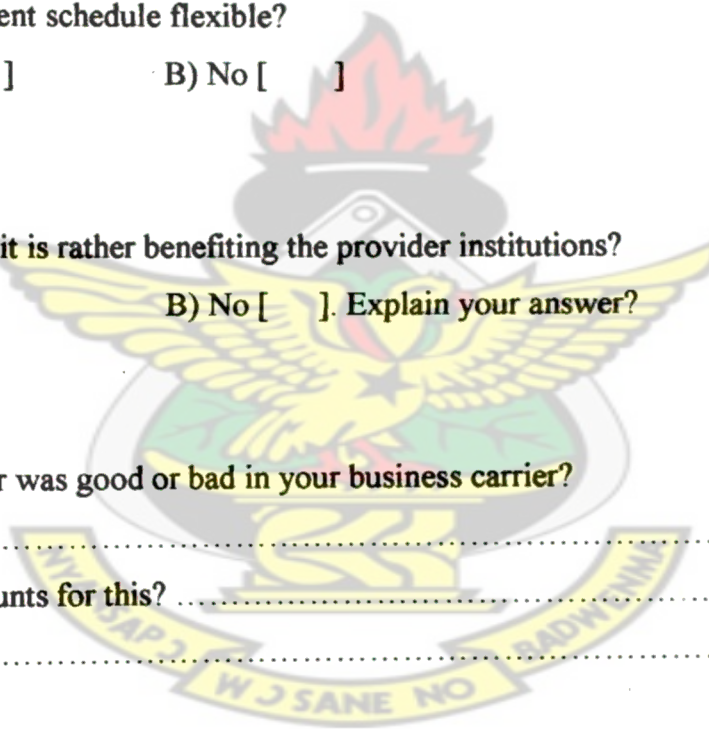
A) Yes [     ]                      B) No [     ]. Explain your answer?

20. A) which year was good or bad in your business carrier?

.....

B) What accounts for this? .....

.....



### **The real impact of microfinance intervention(s) on women enterprises**

21 Do you think loans given by the MFIs are sufficient?

A) Yes [     ]     B No [     ]

If no, how much would have been sufficient in your case?

(A) Twice [     ] (B) Thrice [     ] (C) Four times [     ]

(D) Over five times [     ]

22. Compared to the period before you took the loan, would you say your turnover or business output has .....

(1) Improved [ ]

by what percentage.....

(2) Decrease [ ] by what percentage.....

(3) Stayed the same [ ]

23. Compared to number of employees you started with, would you say the number has increased or decreased?

.....

24. If it has increased, how does it affect your operations?

.....

25. If it has decreased, how does it affect your operations?

.....

26. Do you think the institution has helped you improve your business?

(A) Yes [ ] (B) No [ ]

If No to (26) what do you recommend to the management?

.....

27. Have you experienced an increase in your working capital since you started dealing with the institution? (A) Yes [ ] (B) No [ ]

28. Have you experienced an increase in income (profit) in your enterprise?

(A) Yes [ ] (B) No [ ]

29. Do you keep any saving in cash for emergency or investment?

(A) Yes [ ] (B) No [ ]

If yes (29) has your personal savings,

(A) Increased [ ] (B) Stay the same [ ]

(C) Decreased [ ]

30. Have you experienced an increase in your household income?

(A) Yes [ ] (B) No [ ]

31. Have you experienced an improvement in your household welfare?

(A) Yes [ ] (B) No [ ]

If yes indicate, how has it been improved?

A) Could buy better clothes than before [ ]

B) Can send children to school and pay their fees [ ]

C) Afford to pay medical bill [ ]

D) Added on to my personal assets [ ]

E) Quality of food in take improved [ ]

F) Can pay water and electricity bill [ ]

G) Can make contribution and donations at church [ ]

H) Others, (specify) [ ]

.....

32. Have you benefitted from any of the following as MFT's intervention?

A. Group formation [ ]

B. Leadership training [ ]

C. Cooperative learning [ ]

33. Has your MFI organized any training programme to assist you in your business?

A) Yes [ ]

B) [ ]

34. What is your assessment of this programme? (If any)

35. Indicate whether your MFI provides the following social services expressed or implied

A. education [ ]

B. health and nutrition [ ]

### C. Literacy training [ ]

36. Has your standard of living improved after receiving micro finance product?

**Explain your answer.**

.....

.....

.....

.....

## Improving microfinance programme to small scale women entrepreneur (enterprise)

37. A. Which of the microfinance product(s) is /are of benefit to women entrepreneurs .....

entrepreneurs .....

**B. State reasons for it?**

.....

.....

38. What should be done to improve women enterprise in terms of microfinance products?

.....

.....



39. In about 2 or 3 sentences express your opinion about microfinance and how it should be modeled to improve women enterprise so as to empower the women economically.

.....

.....

.....

