

**CHRISTIAN SERVICE UNIVERSITY COLLEGE**

**SCHOOL OF BUSINESS**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**EMPOWERING WOMEN THROUGH MICROFINANCE**

**BY**

**LINDA ASAMOAH MANUKURE**

**EBENEZER ARYEETAY**

**AMPONG KOFI OHENE**

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## DECLARATION

We hereby declare that this project work is the result of our original research and that no part of it has been presented to Christian Service University College or elsewhere. As such, all use of previously published work (from Magazine, internet and journals) has been acknowledged within the main report to an entry in the references list.

Linda Asamoah Manukure	10001201	.....	.....
Ebenezer Aryeetey	10001264	.....	.....
Ampong Kofi Ohene	10000940	.....	.....

### **Supervisor's Declaration**

I hereby declare that the preparation of this project work was supervised in accordance with guidance on supervision of project work laid down by Christian Service University College.

Supervisor's Signature .....  
**Mrs. Abigail Asamoah**

Certified by  
**Mrs Joyce Ama Quartey (Dr.)** .....  
**Head of Department**

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### **DEDICATION**

This project work is dedicate to all students and mentors who has been with us throughout the whole year. And also to our family and lecturers especially our supervisor Madam Abigail Asamoah.

### **ABSTRACT**

This project work is to find out how women have been empowered through the programs of micro finance. Other specific objectives of the research are to investigate the impact of women

empowerment on the economy and examine the role of microfinance institution on women empowerment.

The study will be significant because, it will help microfinance institutions to draw out strategic management information position themselves to enhance their financial performance and sustainability. It will also help us to know their products and services are having position impact on women empowerment.

The study found out that majority of microfinance supported women entrepreneurs were aged between 30-39 and most of them were married with children. However, majority were without husbands. Those with at least a child constituted about 96%. Majority of these entrepreneurs had basic or no formal education. And they had been doing that business for five or more years.

At the end of the study; we wish to recommend that, 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; In order to make microfinance effective and sensitive to the needs of women micro enterprises, the interest rate should be reduced and be made known to the customers; 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.

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# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of The Study

Women's empowerment has been one of the main concerns of development agencies and governments around the world, including Ghana [ CITATION Ali121 \l 1033 ]. According to Ringkvist (2013) international aid donors, governments, scholars, and other development experts have given much consideration to microfinance as a strategy capable of reaching women and involving them in the development process. On the other hand, women's empowerment in the development process has till now been regarded as the achievement of a "better deal" [ CITATION Ali121 \l 1033 ] for women, with the concentration mainly on women's well-being [ CITATION Osm07 \l 1033 ].

Rehman *et al* (2015) cited that in developing countries where 22.3% of the people are living under poverty line and nearly 40 per cent of women are poor and of whom almost 30 per cent can be considered both economically and socially poor, women's empowerment is of great importance. Empowerment of women is a universal challenge since traditionally women have been sidelined and subjected under the control of men [ CITATION Ali121 \l 1033 ]. Kato & Kratzer (2013) asserted that, about 70 percent of world's poor are women and about 60 percent of women in Africa live in total poverty.

Rehman *et al* (2015) posited that these women have no access to credit and other financial facilities. As a result of their low level of education, their knowledge and skills on how to handle their businesses is normally low. Moreover, the position of women in Africa has been relegated compared to men [ CITATION Kat13 \l 1033 ]. It was never expected of women to have any

influence with regards to the decision-making processes from local level to the international level.

Many international organizations have consequently recognized women's empowerment as an essential aspect of development [ CITATION Osm07 \l 1033 ]. The Fourth World Conference on Women in Beijing (1995) for instance put women's access to credit facilities on the international development women empowerment and development agenda [ CITATION Kha05 \l 1033 ]. Few years after the conference, the number of poor women receiving microfinance has increased rapidly. Many women have now gained international reputation for their excellent credit performance making them a priority for poverty-oriented credit programs [ CITATION Loo091 \l 1033 ].

Presently, microfinance has become a powerful element for empowering women particularly, the rural women [ CITATION Loo091 \l 1033 ]. Loomba added that apart from the informal financial sector, the formal and semi-formal financial sectors like commercial banks, NGOs etc. have taken much interest in delivering microfinance to women considering it to be a profitable commercial activity. Women are also participating in the microfinance movement by availing the microfinance services provided by the various financial channels. For most of these women who have gained access to micro credit facilities, the credit is much more than gaining access to money: it is about women elating themselves out of poverty, and obtaining some economic and political empowerment within their homes, their villages, and their countries [ CITATION Kha05 \l 1033 ]. For instance about 40 per cent of poverty reduction in rural Africa has been attributed to the role of microcredit [ CITATION Kat13 \l 1033 ]. Combining education and financial services programs has empowered women to ensure female children have equal access

to food, schooling, and medical care, and given women a stronger role in property transactions, and domestic and familial choices.

Various studies conducted by different researchers (Rehman *et al*, 2015; Ringkvist, 2013) in this field have shown that targeting women is an effective way of fighting poverty since women are most likely to spend their incomes on food, health care and education of their children. All these are long term investments and eventually contribute towards long term economic advancements for families, communities and ultimately for countries. This study aims at first, confirming a link between microfinance and the socio-economic wellbeing of women in context of a microfinance providers.

## **1.2 Statement of Problem**

The study seeks to highlight the role played by MFIs in empowering women in Ghana.

The empowerment potential of microfinancing has been spoken of very forcefully in recent years[ CITATION Kul11 \l 1033 ], basically because the key actors are women[ CITATION Loo091 \l 1033 ]. According to Kulkami (2011), the Executive Director of the United Nations Development Fund for Women, Noeleen Heyzer mentioned at the 2000 Microcredit Summit Campaign that “Microcredit is about much more than access to money. It is about women gaining control over the means to make a living. It is about women lifting themselves out of poverty and vulnerability. It is about women achieving economic and political empowerment within their homes, their villages, their countries.”

Conceptually, empowerment of women is quite composite and challenging to analyze and measure[ CITATION Ali121 \l 1033 ]. Measuring empowerment is not only a complicated

activity, but also a modern occurrence especially in the field of social sciences. The meaning, outcomes and goals of empowerment vary according to different cultural, regional, social, and political context [ CITATION Rin13 \l 1033 ]. However, neither the World Bank nor any other mainstream development agency has been able to develop a systematic method for measuring and tracking changes in levels of empowerment[ CITATION Ali121 \l 1033 ]. In the absence of those measures, it is difficult for the international development community to be confident that its efforts to empower women are succeeding [ CITATION Kul11 \l 1033 ]. It is even more disturbing for Africa to trust assertions from certain bureaucracies that microfinance has succeeded in empowering women (Rehman *et al*, 2015).

Consequently, some researchers (Mayoux, 2002; Loomba, 2009) have questioned how far microfinance benefits women. Some held the view that microfinance programmes divert the attention of women from other more effective strategies for empowerment [ CITATION Loo091 \l 1033 ] and the attention of the resources of donors from alternative and possibly more effective means of alleviating poverty[ CITATION May02 \l 1033 ].

Four basic views have however been raised as a link between micro-finance and women's empowerment. One school of thought holds that there is a positive evidence about the possibility that sustainable micro-finance programs all over the world has empowered women[ CITATION Kat13 \l 1033 ]. Another view suggests that there are limitations regarding micro-finance programs and its subsequent empowerment of women. The view gives the explanation that microfinance programs are poorly designed[ CITATION May02 \l 1033 ]. Also, others recognize the limitations of micro-finance for promoting empowerment. However, they see it as a key ingredient which is important within the strategy of poverty alleviation [ CITATION Rin13 \l

1033 ]. Finally, there are those who see micro-finance programmes as a waste of resources [ CITATION Kha05 \l 1033 ]. This research aims at clarifying these issues within the context of the debate about micro-finance and how it has empowered women within the context of Africa.

### **1.3 Objectives of the Study**

The general objective of the study is to find out how women have been empowered through the programs of micro-finance. Other specific objectives of the research are:

1. To examine the processes involved in women empowerment in Ghana.
2. To evaluate the role played by MFIs in empowering women in Ghana.
3. To identify the challenges faced by MFIs in empowering women.

### **1.4 Research Questions**

The research questions to be addressed in this research are:

1. What is the impact of women empowerment on the economy?
2. What is the role of microfinance institution (MFI) on women empowerment?
3. Why is it important for microfinance institution (MFI) to care about women?

### **1.5 Significance of the Study**

This study will be significant because, it will help microfinance institutions to draw out strategic management information to better position themselves to enhance their financial performance and sustainability. It will also help them to know whether their products and services are having positive impact on women empowerment. This research will help policy makers to obtain a

better sense of direction they have to take and how they collaborate to reach a greater number of people through the design of better products and service, and the promotion and establishment of an environment conducive to the growth of the MFI sector. It will bring enlightenment on the significance of MFIs in the financial sector of the economy. This will help the Government of Ghana (GoG) and Non-Governmental Organizations to assess category of the financial institutions has the potential to reach out to the poor especially women in the society. The study will also serve as a source of information to students, academia and researchers on the similar or related topic as a basis for literature review.

### **1.6 Scope of the Study**

The study is limited to women in some selected communities within the Ashanti region. The reason women were chosen is not to create gender imbalance but rather because women are the main beneficiaries of the microfinance programs and are the major source of provision for many households. The main criteria for the selection of population are that the women should be beneficiaries of any microfinance program. The MFIs will help the researcher with the details of these women in order to select the require sample for this study.

### **1.7 Limitation of the Study**

The study was limited to only women who engage in MFI activities in Kumasi. These communities were selected due to time, financial and other logistical constraints. Also Kumasi has the biggest markets in the Ashanti region where a fair representation of the sample can be obtained for the study. As a result, there are limitations to the degree of generalization of the



findings based on the sample size used for the study. Since the duration for the study was too short, the sample size had to be limited to enable the researcher to complete the study in time.

### **1.8 Organization of the study**

The research will be organized into five chapters:

Chapter one would cover the introductory phase which focuses on the background of the study, problem statement, objectives of the study, research hypothesis, limitation of the study and the scope of the study.

Chapter two would cover the literature review and will highlight the theoretical framework of the study and the relevant existing literature significant of the study.

The third chapter would look at the methodology adopted in acquiring data for the research. Under this is the description of the study area, sample size and sampling technique, methods of data collection, methods of data analysis and research strategy.

Chapter four would consist of data presentation, analysis, and discussion of the main findings.

The final chapter would present the summary, recommendations and conclusions of the research work.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter reviews the theoretical literature of microfinance, its impact on women empowerment and then poverty alleviation. It begins with a brief history of microfinance followed by some definitions of microfinance method of operation, the key principles of operation and proceeds to discuss empowerment of women.

#### **2.1 Finance**

Finance is a field that deals with the study of investments. It includes the dynamics of assets and liabilities over time under conditions of different degrees of uncertainties and risks.

#### **Micro**

Micro is anything extremely small in scope over capability.

#### **2.2 Microfinance**

The term microfinance indicates the offering of financial services to customers with low income levels (Rehman *et al*, 2015). This simple explanation of microfinance implies that microfinance institutions target low income category people who have no access to the formal lending system of the commercial banks. Amankwa *et al* (2012) held that microfinance is the provision of financial services such as credit leasing, micro-insurance and payment transfers to economically

active poor and low income households to enable them engage in income generating activities or expand/grow their small businesses. This definition also depicts that microfinance targets the poor and low income earners in the society. Microfinance has developed as an economic development method intended to benefit the low income part of a given society.

Sarumathi and Mohan (2011) also mentioned that microfinance is the provision of financial services to low-income clients, including consumers and the self-employed, who traditionally lack access to banking and related services. They added that microcredit or microfinance has to do with banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases because they are unable to offer sufficient collateral. Generally, banks are for people with money, not for people without[ CITATION May02 \l 1033 ]. Microcredit is based on the assumption that the poor have abilities and skills which remain underutilized or unused. Microcredit therefore suits those with entrepreneurial capability and possibility better. The ultimate aim of microfinance is to give low income people an opportunity to become self-sufficient by making available to them a means of saving money, borrowing money and insurance[ CITATION Ali121 \l 1033 ]. Microfinance has the main aim of empowering women since they make up a large proportion of microfinance beneficiaries[ CITATION Sar11 \l 1033 ]. By tradition, women (especially those in less developed countries) have not been able to participate readily in economic activity. Kato and Kratzer (2013) cited that microfinance gives women the financial help they need to start business ventures and actively participate in the economy. This makes them confident, improves their status and makes them more active in decision-making, thereby encouraging gender equality.

For Biswas and Rao (2014) microfinance has to do with the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services. Biswas and Rao did not limit their definition of microfinance to only individuals; they included groups who lack access to service of the mainstream banks. It could therefore be deduced that microfinance is not just about giving micro credit to the poor, rather it is an economic development tool which has the objective of helping the poor to work their way out of poverty. It covers a wide range of services like credit, savings, insurance, remittance and also non-financial services like training, counseling etc[ CITATION May02 \l 1033 ]. Biswas and Rao (2014) mentioned that microfinance programs have significant potential for contributing to women's economic, social and political empowerment in developed and developing countries. Agencies like Government as well as Nongovernment Organizations are presently involved in micro-finance development initiatives.

In literature the terms microcredit and microfinance are often used interchangeably. However, highlighted some important difference between them since both terms are often confusing. According to them, microfinance is appropriate where NGOs and MFIs supplement the loans with other financial services. Microcredit is however a component of microfinance in the sense that it involves providing credit to the poor, but microfinance also involves additional non-credit financial services such as savings, and payment services. The Canadian International Development Agency defined microfinance as the provision of a broad range of financial services to poor, low income households and micro-enterprises normally lacking access to formal financial institutions [ CITATION CID02 \l 1033 ]. In sum, microfinance is all about the

financial services made available as small loans to the poor to start or expand their small business that may enhance their living standard by improving earning capacity as well as empowering women by enabling them to make economic decisions and alleviate poverty. Microfinancing is available to poor entrepreneurs and to the low-income households who have no collateral and lack access to standard bank loan. Microfinance programs have been introduced with the aim of developing microenterprises; in addition to helping existing business to grow by diversifying their activities and coping poverty among the needy people of the developing countries.

### **2.2.1 Brief history of Microfinance**

When microfinance was discovered as a potential strategy to alleviate poverty in the 1960s, microfinance institutions began to expand in developing countries, but many of them did not actually address real poverty issues and targeting the poorest of the poor. According to Shakya (2016) at that time, these credit institutions did not attempt to reach out to poor people.

The first operating microfinance services were introduced in the 1970s. Professor Yunus, Managing Director of Grameen Bank promoted microfinance activities in the 1970s in Jobra, a small village in Chittagong of Bangladesh [ CITATION Kit15 \l 1033 ] and has since spread throughout the world. Non-Governmental organizations rather found out later that there is a need for microcredit services for poor people in rural areas who were frequently forced to use the services of informal credit resources, which operated with high interest rates[ CITATION Kri16 \l 1033 ]. The services provided by NGOs were partially successful as a result of their tight budget which they had to operate with.

Following the failures and limited success of microcredit approach in developing countries, a new concept for microcredit was introduced. Grameen Bank, in Bangladesh, is regarded as the first bank to have been able to spread out its services to poor households, by introducing new methods for poverty alleviation with microcredit (Amankwa *et al*, 2012). Professor Muhammad Yunus received a Nobel Peace Prize for his initiative of introducing new methods of fighting poverty in developing countries[ CITATION Kri16 \l 1033 ]. His main intention was to aim at the poorest of the poor and provide them credit services with the so-called “*group lending methods*”[ CITATION May02 \l 1033 ]. In spite of the success of the programs in reaching out to the poor, the services provided by Grameen Bank was not sufficient to address challenges and poverty issues poor households were facing. It was only in the 1980s that changes and adjustments were made to restructure microcredit services which were adjusted to the needs of poor households. These programs were designed based on the methods of previous microcredit schemes with new programs-such as saving services added to become part of the services provided by microcredit institutions.

The strength of microcredit has been identified to be lying within its ability to organize indolent women into a productive workforce with their proven creditworthiness[ CITATION Loo091 \l 1033 ]. From 1980 forward, the institution of microfinance has grown considerably and most recently, some NGOs have also transformed into formal financial institutions that recognize the need of savings services to clients and also to access market funding sources than rely on donor funds. 25 million people around the world are now using microcredit to undertake income-generating or self-employment activities of which 90% are women. Microcredit has not only

helped women to become more productive, it has also empowered them [ CITATION Kri16 \l 1033 ]. As a result women have now been integrated into socio-economic activities, and are able to contribute to family income and decision making as well as exercising more control over their productivity and fertility, allowing them to take better care of their children.

In particular, microcredit has been widely accepted as a mechanism for fighting against poverty, and to also help to increase the status of women (Rehman *et al*, 2015). Clients of microfinance institutes extended their businesses and increased their incomes once they were given support by the microfinance institutions. Microfinance programs emerged as social innovators began to offer financial services to the working poor, those who were previously considered unbankable as a result of their lack of collateral. Their high repayment rates also showed that the poor are capable of changing their own lives when given the chance. Predominantly, women show higher repayment and saving rates than male clients [ CITATION Kri16 \l 1033 ].

### **2.2.2 Characteristics of Microfinance**

The main characteristic of microfinance is that it provides low-income people, who wish to access money for starting or developing an income generation activity access to financial and non-financial services [ CITATION Kha05 \l 1033 ]. Microfinance came into existence from the appreciation that micro-entrepreneurs and some poorer clients can be ‘bankable’ meaning that they can repay, both the principal and interest, on time and also make savings, provided financial services are tailored to suit their needs [ CITATION Loo091 \l 1033 ]. Microfinance as a discipline has created financial products and services that together have helped low-income

people to become clients of a banking intermediary. The characteristics of microfinance products include but are not limited to:

1. Little amounts of loans and savings.
2. Short-terms loan (Payment schedules are normally frequent installments)
3. Installments made up from both principal and interest, which amortized in course of time.
4. Higher interest rates on credit loan-shark rates small loans and allowing the microfinance intermediary to become sustainable over time.
5. Easy entrance to the microfinance intermediary saves the time and money of the client and permits the intermediary to have a better idea about the clients' financial and social status.
6. Application procedures are simple.
7. Short processing periods (between the completion of the applicable and the disbursement of the loan)
8. The clients who pay on time become eligible for repeat loans with higher amounts.

Microfinance institutions use narrowed interest rates (decreasing the interest rates over several loan cycles) as incentive for clients repay on time. Large size loans are less costly to the MFI, so some lenders provide large size loans on relatively lower rates[ CITATION Kat13 \l 1033 ]. No collateral is normally required as opposed to formal banking practices. Rather, microfinance intermediaries use substitute methods, like, the assessments of clients' repayment potential by



running cash flow analyses, which is based on the stream of cash flows, generated by the activities for which loans are taken.

Even though the definition of microfinance normally only financial activities, it is common that microfinance program is not exclusively about providing the poor with financial services, but often non-economic agenda as well. Common examples of such non-economic activities are: skills training, marketing, literacy training and health care[ CITATION Rin13 \l 1033 ]. The reason for these non-economic activities is to deliver support to the lender's businesses as well as social support for the individual borrower and her family.

### **2.3 Microfinance and Poverty Alleviation**

The World Bank defined poverty as a condition of life which is characterized by malnutrition, illiteracy and disease which is below the natural definition of human decency. Extreme poverty is defined as those living on less than \$1 a day [ CITATION Kha05 \l 1033 ]. The Global Microcredit Summit adopted a specific target to take half a billion people out of extreme poverty. This was to be done by providing 175 million of the world's poorest families, especially the women of those families, with microcredit, to ensure that at least 100 million families are lifted above the US\$1 a day threshold.

The word 'poverty' denotes the situation where people cannot meet their basic requirements for livelihood of food, shelter and clothing which agrees with the definition offered by Yunus (1999). It is not just about fulfilling these basic necessities, but also is depicts the situation where people do not get the chance to take part in main desires of life, for instance, sending kids to school, not being able to pay for illness, or making any trip as per own wish[ CITATION Kri16 \l 1033 ].

Poverty is worst when in situations where the poor are identified with little representation and less public and political priorities in the society[ CITATION Kit15 \l 1033 ]. This problem may differ from one country to another but always exists in rich or poor countries. Generally, studies have suggested that “the longer a person has been poor, the less likely it is that he or she will escape poverty”[CITATION Kri16 \l 1033 ].

The World Bank’s 2012 report, estimated that about 12.7 percent of people in the world are living under poverty and earn less than \$1.90 a day[ CITATION Yun99 \l 1033 ]. This shows that there is more work to be done in order to eradicate it all over the world. The UNO (United Nations Organization) introduced the 2030 Agenda for Sustainable Development Goal with the aim of eradicating poverty everywhere (United Nations, 2016). On the other hand, it is not so easy for the United Nation to achieve this alone. Consequently, microfinance could be a strong scheme for countries to develop financially since it has the fundamental goal to alleviate the poverty. “Microfinance is about providing financial services to poor people to help them come out from poverty. Providing microfinance to the poor can protect their livelihoods by providing them loan capital”[CITATION Kri16 \l 1033 ].

There is ample evidence to support the positive impact of microfinance on poverty reduction as it relates to [the first six of the seven] Millennium Goals”. If microfinance can accelerate the accomplishment of six of the Millennium Goals, then it is possible it can be used as a valuable means to eradicate poverty[ CITATION Kit15 \l 1033 ]. Actually, microfinance has been proven again and again to be an active and effective method of alleviating poverty. Clients, especially women who have benefitted from microfinance programs have enjoyed increase in their

household income, better nutrition and health, the opportunity to achieve higher education, a decrease in vulnerability to economic shock, greater empowerment, and in some cases, the ability to completely lift themselves and their families out of poverty (Kato & Kratzer, 2013; Amankwa *et al*, 2012)

### **2.3.1 Targeting Women**

The World Bank postulated that “putting resources in the women’s hands while promoting gender equality in the household and in society results in large development payoffs”. Expanding women’s opportunities in public works, agriculture, finance and other sectors accelerate economic growth, helping to mitigate the effects of current and future financial crises. International donors, governments, scholars and other development experts have paid much attention to microfinance as a strategy that is capable of reaching women and involving them in development process. The microfinance institution has made great impact towards recognizing barriers to women’s access to financial services and made efforts to develop ways to overcome those barriers. The USAID’s report on Microenterprises Result for the year 2000 indicated that approximately 70% of USAID-supported microfinance institutions’ clients were women[ CITATION UN16 \l 1033 ].

Since the commercial banks mostly concentrate on men and formal businesses without giving any attention to women who make up the large and growing segment of the informal economy, microfinance also targets women[ CITATION Man14 \l 1033 ]. Female clients of microfinance represent eighty-five percent of the poorest microfinance clients (Amakwa *et al*, 2012). It is therefore noteworthy that targeting women borrowers is logical from the public policy standpoint. In almost every country, the unemployment rate for women has been higher than men

though women make up the majority of the informal sector of most economies [ CITATION Loo091 \l 1033 ]. Moreover, the female population normally faces cultural obstacles that often limit them to the home, making it difficult for them to access financial services [ CITATION Osm07 \l 1033 ]. Moreover, “women often have disproportionately large household obligations” (Amankwa *et al*, 2012).

Studies show that new incomes generated from microenterprises are often first invested in children’s education, particularly benefiting girls. Households of microfinance clients also appear to have better health practices and nutrition than other households.

Presently, women’s have become the target for majority of microfinance programs around the world [ CITATION Rin13 \l 1033 ] even though at the time when microfinance emerged as a channel for the poor to access credits as a tool for development, the greatest number of clients of Grameen Bank were men [ CITATION Yun99 \l 1033 ]. The decision to strongly focus on female borrowers was taken into consideration in 1999 as a response to the growing problems with repayment of loans among the males. Consequently, by the year 2002, 95 percent of the clients of Grameen Bank were women [ CITATION Kri16 \l 1033 ]. Microfinance is therefore seen as a road to gender empowerment [ CITATION Kit15 \l 1033 ].

### **2.3 Women Empowerment**

Women empowerment is described as the processes by which women take control and ownership of their lives through expansion of their choices (Amakwa *et al*, 2012). This means women empowerment involves developing the confidence of women in their own capacities. Ali & Hatta (2012) cited that there is general harmony that empowerment is a process that is manifested in

more than one dimension. The most commonly identified dimension is women's absolute wellbeing, where empowerment is seen as the process of improving the welfare of women and girls, and is indicated by outcomes that measure current status with respect to literacy and schooling, health and nutrition, labor force participation, contraceptive use, mobility, and ownership of clothing and assets. Another dimension is women's relative well-being, where empowerment is seen as the process of improving the position of women relative to men within the household, and is indicated by women's involvement in intra-household processes such as decision-making, control over household income and assets, and control over loans taken.

In Tanzania, empowerment has been linked to the terms like self-direction, agency, liberation, autonomy, self-determination, life of dignity in accordance with one's values, capacity to fight for one's rights, independence, own decision making, being free, awakening, self-strength, capability participation, control, own choice, self-confidence and mobilization. Kato & Kratzer defined empowerment as increasing both the capacity of individuals or groups to make purposeful choices and their capacity to transform these choices into desired actions and outcomes. This definition possibly implies that empowerment is the process whereby the capacity of the poor people, excluded and disadvantage groups is increased, so they can make choices and to be able to use it to realize desired outcome. Empowerment is linked to the process of internal change and also to the capacity and right to make decision [ CITATION Man14 \l 1033 ]. All the definitions recognize change and decision making as factors of empowerment. It also consists of *change*, *choice* and *power*. It is a process of change by which individuals or groups with little or no power gain the ability to make choices that affect their lives[ CITATION Kul11 \l 1033 ].

In feminist perspective, empowerment goes beyond economic well-being to strategic gender interest. Mayoux (2002) indicated that empowerment can exist at an individual level, where it is about having an agency, increased autonomy, choice, self-confidence and self-esteem. Watoo *et al* (2015) also added that women's empowerment was initially based on economic and financial empowerment but now the concept has been broadened to include psychological, intra home relational, socio cultural, legal and political aspects. In their view, it is a process that helps women to obtain gender equality. Women's empowerment is such process that enhances the capacity of women for making choices about desired activities and results as well [ CITATION Kri16 \l 1033 ]. "The process of creating access and developing individual's ability to participate for structuring his/her own life and his/her community in aspects of economy, society and politics" (Watoo *et al*, 2015).

Empowerment is an ability on women to make strategic life choices which were somehow had been denied to be provided in their life. "It is the process by which women increase their self-reliance, independent right to make choices and to control available resources which will assist in challenging their own subordination" (Shakya, 2016). Kulkami (2011) suggested that the empowerment of poor women must clearly be part of an agenda that addresses the empowerment of the poor in general. At the same time, however, poor women are generally subordinate to poor men. The reduction of poverty thus has to take account of gender inequalities among the poor, including inequalities of power [ CITATION May02 \l 1033 ]. Microfinance packages that target women in particular are thought to have the greatest empowering potential because women are less likely to have access to financial services and because, in general, they tend to be more marginalized (Amakwa *et al*, 2012). Through the provision of financial services by microfinance

institutions, women have greater potential of increasing their earnings, which nurtures *internal* attitudes and translate into *external* changes. Microfinance programmes have significantly contributed to women's economic, social and political empowerment[ CITATION Kit15 \l 1033 ]. Access to savings and credit can initiate or strengthen a series of interlinked and mutually reinforcing 'virtuous spirals' of empowerment increasing incomes and assets and control over these incomes and assets.

For Cheston and Kuhn (2002) access to resources alone does not necessarily translate into empowerment or equality. In order for resources to empower women, they must be able to utilize them for the purpose that they choose. Women who have been left out of decision making for most of their lives often lack the sense of agency that allows them to define goals and act effectively to achieve them[ CITATION Kat13 \l 1033 ]. Microfinance projects can reduce the isolation of women as when they come together in groups they have an opportunity to share information and discuss ideas and develop a bond that was not there previously. This gives them a sense of belonging and as a result they do not feel left out.

Most microfinance programs focus on women with a view of empowering them. There are various underlying motivations for pursuing women empowerment. Some researchers are of the view that women are amongst the poorest and the most vulnerable of the underprivileged and therefore helping them should be a priority. A more feminist point of view emphasize that an increased access to financial services represent an opening/opportunity for greater empowerment[ CITATION Che02 \l 1033 ]. "Such organizations explicitly perceive microfinance as a tool in the fight for the women's rights and independence. An increasing

number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers”[CITATION Loo091 \l 1033 ].

### **2.3.1 Measuring Empowerment**

Several empirical studies have been conducted to establish what factors empower women. Even though many of those studies looked at how participation in microfinance affects various proxies of women’s empowerment such as fertility, health, literacy rates, etc., only a few of those studies attempt to examine the direct impact of microfinance on women’s empowerment. For instance Ringkvist (2013) mentioned that Khan and Noreen (2012) conducted a study on the role of microfinance in empowering women in the Bahawalpur district in Pakistan. The study found out that access to credit through microfinance organizations have a positive impact on women’s empowerment and also that loan utilization by women themselves is of importance. They measured empowerment by the construction of an index from indicators of child health, education, selection of spouse of children, purchase of basic goods and decision on the use of loan. Aside credit-access, the study found out that age, education of husband, number of live sons, marital status and father inherited assets are factors that have positive effect on women’s empowerment.

According to Kulkami (2011), microfinance has been found to be contributing not only to poverty reduction and financial sustainability; it has also increased the well-being and social and political empowerment for women themselves thereby addressing goals of gender equality and empowerment. Mayoux (2002) also added that women empowerment through microfinance has been identified and measured in various dimensions: according to its impact on decision making,



on self-confidence of women, on their status at home, on family relationships and the incidence of domestic violence, on their involvement in the community, on their political empowerment and rights. Even though it is difficult to measure the exact impact of access to microcredit on different dimensions such as impact on decision-making and on self-confidence. There are indications from literature [ CITATION Kul11 \l 1033 ] that MFIs have indeed had positive effect on each of these different dimensions of women's empowerment.

According to Mayoux, empowerment itself is specifically about:

**Economic empowerment:** When women's gain access to savings and loans, it gives them a greater economic role in decision-making through their decision about savings and credit (as seen Figure 2.1). When women control decisions regarding credit and savings, they obviously optimize their own and the household's welfare. The financial sustainability and feminist empowerment paradigms emphasize women's own income-generating activities. In the poverty alleviation paradigm, the emphasis is more on increasing incomes at the household level and the use of loans for consumption. In the feminist empowerment paradigm, individual economic empowerment is seen as dependent on social and political empowerment.

**Increased well-being:** Women's accessibility to savings and credit facilities and their decision regarding what is being done with savings and loans toughens their say in economic matters of the household (Figure 2.1). This allows women to escalate expenditure on the well-being of themselves and their children. In the paradigm of poverty alleviation, this is the main concern. Women's control over decision-making is also seen as assisting men by preventing outflow of household income to useless and unproductive activities. In the financial self-sustainability and

feminist empowerment paradigms, improved well-being is an assumed outcome from increasing women's economic activities and incomes.

Social and political empowerment: This is the combination of women's increased economic activity and control over income resulting from access to micro-finance with improved women's skills, mobility, access to knowledge and support networks (Figure 2.1). When women have access to microcredits, their status within the community is obviously improved. These changes are strengthened by group formation, leading to wider movements for social and political change. The financial self-sustainability paradigm and the poverty alleviation paradigm suppose that social and political empowerment will occur without specific interventions to change gender relations at the household, community or macro-levels. Contrarily, the feminist empowerment paradigm promotes explicit strategies for supporting women's ability to protect their individual and collective gender interests at the household, community and macro-levels.

There are two procedures that lead to empowerment of women (Muhammad et Al (2012)). The first is to provide self-confidence and basic capabilities to poor women to counter the existing challenges in men dominated society and the second is to provide economic security to poor women. Mayoux (2002) on the other hand argued that the impact of microfinance programs on women has not always been positive. Women who set up enterprises benefit not only from small increases in income at the cost of heavier workloads and repayment pressures. Occasionally, their loans are used by their husbands or men in the family to set up enterprises, or sometimes women end up being employed as unpaid family workers with little benefit. However, literature [ CITATION Swa06 \l 1033 ] suggests that women's access to credit access to credit is also

associated with higher levels of mobility, political participation and involvement in ‘major decision-making’ for particular credit

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

The chapter examines the techniques employed in data collection and analysis. In general, the chapter gives an overview of the design of the dissertation. The chapter identified the population for the study and the sample frame it used. The sampling technique used in sampling for the study was also identified as well as, highlighting the sample size and a brief description of the data sources.

### **3.2 Research Design**

According to Ghauri and Grønhaug (2005) a research design is the complete plan for relating the conceptual research problem and practicable empirical research. This implies that research design provides a plan or framework for data collection and its analysis. This study basically employed a descriptive survey research design. In type of design the researcher described the state of variables while at the same time examining the relationship between them. Descriptive survey design is suitable for this research because it allows the researcher to adopt the qualitative approach to data collection [ CITATION Mug99 \l 1033 ]. Creswell (2007) also held that a survey research method is probably the best method available to social scientists who are interested in gathering original data for the purposes of describing a population which is too large to observe directly. The two main methodologies, qualitative and quantitative, were therefore combined for this study. The impact of microfinance on women empowerment was thus determined through a quantitative analytical method being cross tabulation analysis.

### **3.3 Population, Sample Size and Sample Technique**

The study focused on women who engage in the activities of MFIs in Kumasi. Financial institutions selected also have more of their clients in these areas. This gave the researcher the opportunity to choose clients with in-depth knowledge and experience in the issue of empowering women through microfinance. Since all women clients of these MFIs could not be surveyed, a sample of 50 each from three selected MFIs will be used due to the limitations (financial, time and other logistical constraints) of this study. The respondents were selected randomly for the study. The researcher went with the Field Sales Officers (FSOs) who go to the field for repayment and disbursement from these clients three times every week.

### **3.4 Data Collection Instruments**

Questionnaires were the main instrument used to obtain in depth understanding from the clients, management and staff of the MFIs used. The researcher had to conduct a personal interview with the women during the administering of the questionnaires because most of them are illiterate, so it was necessary for the researcher to explain the content of the questionnaires to them and help them in filling. Structured questionnaire with 'Likert Scale' and as well as some multiple-choice questions were used to collect information from the respondents. The same context of questions was given to all respondents and they received exactly the same interview stimulus. The questions were precise with a fixed range of answers. The structured questionnaire had multiple-choice questions in which the researcher provided a multiple choice of answers which respondents were to select one or more of the alternatives. In situations where the questions were dichotomous, only two response alternatives, yes or no were provided and the 'Likert Scale' which is based on the satisfaction level of the different variables related to living standards had five alternatives ranging from strongly agree to strongly disagree.

### **3.5 Ethical Permission**

Prior to the interview and administration of the questionnaires to the members, the researcher sought the ethical permission or consent of the respondents which was granted to the researcher. This was necessary to allow the researcher to have free and cordial relationship with the respondents and also make them confident in answering questions without holding back information that will be necessary for the study.

### **3.6 Sources of Data**

Even though the result of the study was greatly dependent on the primary source of data collected from the respondents in their natural certain, it was also necessary to depend on some secondary sources to understand the concepts, definitions, theories and some empirical results. The researcher used several books, articles, journals as well as bank MFIs operating manuals and handouts as secondary sources for the study. Internet sources were also used as part of the secondary sources for this research.

### **3.7 Data Analysis**

Simple statistical techniques such as descriptive statistics including tables, graphical presentations such as line graph, and bars were used in analyzing and summarizing the data. Primary data was processed using Statistical Package for Social Sciences windows and Microsoft Excel. The advantage of using the primary sources of data was that, they are more reliable, since they come from original sources and was tailored and designed to suit the objectives of the study.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

#### **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 benefitted from microfinance. As such the respondents were mainly women apart from the few male key informants. In all 250 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) 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 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 21 to 36 plus. This was done in order to solicit information from a wide range of people based on their age. Most of the women interviewed were between the ages of 26 and 30 and 36 and above. They made up 32.5% each of the respondents. Women between these ages are those in their prime in life. They have at this time in life either completed school and in trade or married and in trade. The population census on women in Ashanti Region confirms women between the ages of 26 and above as those mostly engaged in various activities. The least interviewed were between the ages of 21 – 25 years. Normally such women are those who have completed school and could not further their education or those who have had kids. They are mostly enjoying their youth and do not engage so much in business. 62.5% of the respondents are however not the family head.

Table 1: Age of Respondents

<b>Age</b>	<b>Frequency</b>	<b>Percentage</b>
<b>21 – 25</b>	25	10
<b>26 – 30</b>	81	32.5
<b>31 – 35</b>	63	25
<b>36 and above</b>	81	32.5
<b>Total</b>	<b>250</b>	<b>100</b>

**Source: field survey, 2018**



### 4.1.2 Marital Status

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. Majority of the respondents (62.5%) are married. This is a confirmation of the ages of the women interviewed. Only 30% of the respondents are single while 7.5% were divorced. Women in such communities are thus actively involved in family ties.

Table 2: Marital status of respondents

<b>Marital status</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Single</b>	75	30
<b>Married</b>	157	62.5
<b>Divorced</b>	18	7.5
<b>Total</b>	<b>250</b>	<b>100</b>

**Source: field survey, 2018**

This is inferred from the table above where 30% of those interviewed did not have husbands. Perhaps a quotation from Merger (2005) 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

#### **4.2 Number of years in the enterprise and how they knew about MFI**

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. Women (32.5%) from this part of the country have been in micro finance between 1 to 3 years. It's interesting to note that about 22.5% had been in microfinance for more than three years. This goes a long way to show how actively they are involved in the operations of a micro finance. Women in Atwima Nwabiagya can thus be said to be industrious and are thus much experienced with operations of microfinance institutions.

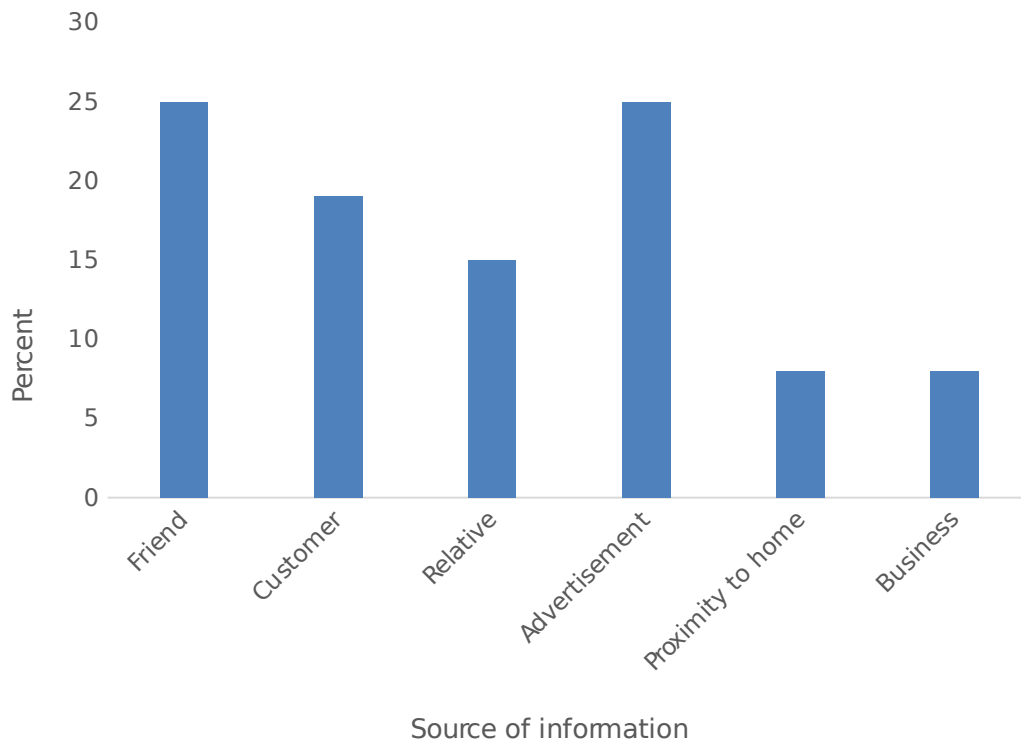
Table 3: Number of years in dealing with Microfinance institutions

<b>Years</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Below 1 year</b>	32	12.5
<b>1 – 2 years</b>	81	32.5
<b>2 – 3 years</b>	81	32.5
<b>More than 3 years</b>	56	22.5
<b>Total</b>	<b>250</b>	<b>100</b>

**Source: field survey, 2018**

Products the world over are normally recommended to others through adverts and from friends. The survey concludes that most of the respondents got to know of the existence of a micro finance through advertisement or from a friend. Industries should therefore invest in Advertisement and people to help send a positive image of their products.

Fig. 1: Source of information for MFI

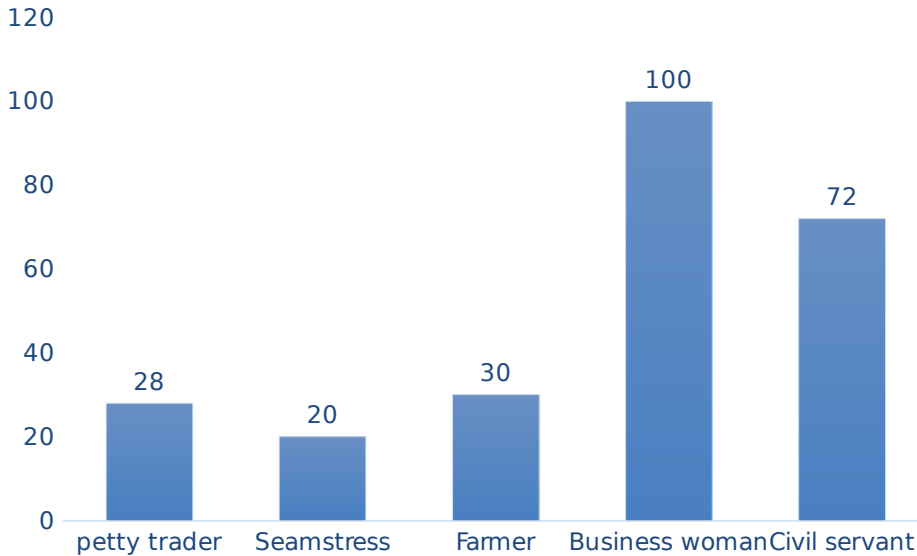


**Source: field survey, 2018**

### **4.3 Occupation of Women**

More than 50% of the respondents were businesswomen and civil servants. Women farmers accounted for 12% while petty traders and seamstress made up 11.2% and 8% respectively. At least each of the women interviewed were actively involved in a trade which belonged to them. The basis as to how they manage their business will go a long way to affect how they run their homes.

Fig 2: Occupation of women



**Source: field survey, 2018**

#### **4.4 Relevance of loan acquisition**

Loan application is one of the many benefits one can achieve from joining a micro finance. It is therefore not surprising that 65% (163) of the respondents had applied for a loan. Only 35% had not applied for a loan. Out of the number who had applied for a loan, 67.5% were granted the loan. The rest were denied a loan for several reasons. Most of the respondents had received a loan for than a year.

Loan acquisition is very vital to many individuals. The timing for collection is also as important. 72.5% of the respondents alluded to picking loans between 1 and 3 months. This is not surprising since business women and men the world over need to invest in their projects. Being the business women that they are, the first priority of women in the Ashanti Region was to expand their business. Microfinance institutions have a way of retaining and recruiting new customers. One of such means was to let a new customer open an account. One critical focus of the study was to determine the purpose of the loan in the lives of beneficiaries. The factors considered included to

start a business, pay fees, and expand business. Information gathered indicated that most of the respondents (85%) used to the loan to expand their business. The remaining used the loan to start a business (7.5%) and pay fees (7.5%) for their wards.

Table 4: Purpose of loans

Purpose of loan	Frequency	Percentage
<b>Start a business</b>	19	7.5
<b>Pay fees</b>	19	7.5
<b>Expand business</b>	212	85
<b>Total</b>	<b>250</b>	<b>100</b>

**Source: field survey, 2018**

About 75% of beneficiaries of the loans had also realised increases in income. Income levels of beneficiaries before loan was compared to income levels after the utilisation of the loan. From the statistics, the average income of beneficiaries before the loan was GH¢100 and the average income after utilisation of the loan was GH¢200. Judging from this background, the income of some beneficiaries had improved. This compared favourably with Mayoux's (2001) view as he acknowledges that credit is making a significant contribution to increasing incomes of the better-off poor, including women. Dichter (1999) also agrees that microfinance is a tool for poverty reduction. While arguing that the record of MFIs in microfinance is generally well below expectation, he does concede some positive impacts do occur.

However, how the increased income is re-invested and managed to ensure sustained growth in their businesses thereby producing a uniform cash flow for repayment over the period remained a challenge. Traders often assume their initial incomes as profits and spend it on personal items

like clothes, footwear, hospital bills, electricity bills and funerals. In this vein, they deprive the business of adequate working capital needed for subsequent re-investment to stimulate the growth. Businesses therefore got cash strap and are unable to operate to make regular loan repayments.

On the issue of increases in income, Wright (1999) sounds a note of caution and emphasises the shortcomings of focusing solely on increased income as a measure of the impact of microfinance on poverty. There is a significant difference between increasing income and reducing poverty. By increasing the income of the poor, MFIs are not necessarily reducing poverty. It depends on what the poor do with this money. Sometimes it is gambled away or spent on alcohol. So, focusing solely on increasing incomes is not enough. Yet, Asiama (2007) underscores that although microfinance is not a panacea for poverty reduction and its related development challenges, when properly harnessed it can make sustainable contributions through financial investment leading to the empowerment of people, which in turn promotes confidence and self-esteem, particularly for women.

These findings conform to Littlefield, Murdugh and Hashemi's (2003) statement that "microcredit is a critical contextual factor with strong impact on the achievements of the MDGs. Microcredit is unique among development interventions that can deliver social benefits on an ongoing, permanent basis and on a large scale". Microfinance services contribute to the smoothing out of peaks and troughs in income and expenditure thereby enabling the poor to cope with unpredictable shocks and emergencies (Kiva, undated; Mayoux, 2001).

#### **4.5 Women's attitude towards Saving**

Microfinance is seen as a part of a much larger effort to end poverty, and will provide “microfinance services, specifically credit for self-employment and savings capabilities” and shall focus on the world's poorest people. Women's access should be prioritized, as they are “very adept at saving, highly creative entrepreneurs, and consistent in ensuring that earnings go directly to meeting family needs.” Microfinance is an important tool for sustainable social and economic progress, and a key strategy in ending poverty (Yunus, 1997). The project in order to find out the savings mentality of the business women in Atwima Nwabiagya district sought their mind on how often they deposited money in their accounts. 45% of the respondents responded as depositing money in their accounts on a weekly basis. Only 15% deposited on a monthly basis. This goes to confirm that women are more into saving and also trust the operations of microfinance institutions. It also came out that interest earned on the amount they deposited encouraged them to deposit into their accounts. Interest gained on money deposited was found to be a motivational aspect of savings. Every person goes into business to make profit, it is therefore not surprising that the women were motivated by the interest gained to deposit into their accounts.

Women in Ashanti region had not lost savings to MFI's. This is seen in 80% of the respondents. Only 20% had lost savings to Microfinance institutions. Money lost was as a result of fold up of the company. They therefore investigate by means of questions and frequent visits to the institutions to make sure such happenings do not occur.



#### **4.6 Decision making of Women after joining MFI**

The study indicated that before 62.5% of women were not regarded as head of their homes. Only 37.5% were regarded as heads of their homes. This was attributed to the amount of money they contributed to the upkeep of the homes. On the contrary, after joining micro finance institutions and making profits 80% of the responded were engaged in decision making in their various homes. This is an increase in the figures given above. Joining a microfinance is therefore very crucial to the upkeep of the home. Ones status in their home can also be attributed to the amount of money they contribute to the upkeep and running of their various homes.

#### **4.7 Training/Monitoring**

From the study, we realized that 82.5% of the respondents had had training from the various microfinance institutions in which they saved money.

The MFIs offer pre-training of six-eight weeks to all its loan applicants. The aim of this pre training is to equip the clients with the required knowledge and skills to manage their trust bank groups, their businesses, households and communities in order to obtain positive results. Loan officers visit the business sites of the clients to offer them training. The main purpose of this is to personally witness some of the challenges or opportunities that their clients encounter in their businesses especially after they have been granted the loans. This offers the officers the opportunity to discuss business better with these women and then encourage them. The post training also serves as a monitoring process for the companies. The monitoring process has brought about a cordial relationship between loan officers and clients.

#### **4.8 Microfinance Interventions and Women Empowerment.**

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, respondents were expected to state whether loans or credits given them by MFIs were sufficient or not. In response 84.6% of them mentioned that the loans were not sufficient whilst 14.0% 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 54.0% of them said yes whilst 32.7% said it had decreased their output. The remaining 13.3% said it remained the same. However they could not give the percentage increase or decrease because most of them had little or no education. There is no gainsaying the fact that even though majority (54.0%) 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, respondents told a difficult thing to understand, 58.7% mentioned that their profits had increased while 41.3% 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 4.6% 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, 67.3% 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 32.7% mentioned that the welfare of their household had not been improved after taken the loan.

TABLE 5: Women empowerment

<b>Reasons for Improvement in Household</b>	<b>Frequency</b>	<b>Percentage</b>
<b>welfare</b>		
<b>Could buy better cloth than before</b>	3	1.3
<b>Could pay my children's school fees</b>	95	38
<b>Afford to pay medical bills/NHIS</b>	34	13.4
<b>Eat a balance diet</b>	25	10.0
<b>Pay water and electricity bills</b>	35	14.0
<b>Can make contribution and donation at church/funerals</b>	13	5.3

<b>No answer/comment</b>	45	18.0
<b>TOTAL</b>	250	100

**Source: field survey, 2018**

This notwithstanding, 38.0% mentioned that they could pay their children's school fees, 13.4% 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/funerals. 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 Anum Rural Bank 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 68.6%, mentioned 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. 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. Nevertheless 28.7 % of the respondents claimed provider institutions were not growing at their expense whilst 2.7% 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.

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 Mohammed 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 everything 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.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION**

#### **5.1 Summary of Findings**

The study found out that majority of microfinance supported women entrepreneurs were aged between 30-39 and most of them were married with children. However, majority were without husbands. Those with at least a child constituted about 96%. Majority of these entrepreneurs had basic or no formal education. And they had been doing that business for five or more years. It was also discovered that there was no special microfinance package for women entrepreneurs and their enterprises. The study also revealed that the inflexible payment schedule coupled with the conditions attached to the granting of credit as well as high interest rate make it impossible

for the women to enjoy the full benefit of the microfinance interventions. They therefore believe that microfinance institutions profit at their back. This implies that women entrepreneurs are working for microfinance institutions which they took loans. That notwithstanding, majority of the women said that microfinance has helped them to pay their wards school fees, pay utility bills, eat balance diet, etc thus improving on their standard of living. The study therefore, concluded that even though microfinance to some extent has empowered the women economically; its full benefit is yet to be enjoyed by women entrepreneurs who are basically found in the informal sector. 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. It was also revealed that majority of the women have been able to cater for their families as compared with the time that they had not assessed any microfinance product thus improving their families living standard.

## **5.2 Conclusion**

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

generally attempted to find out the impact of micro financing on women empowerment 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. The respondents were mainly women apart from the few male key informants. In all 250 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 women empowerment in the Ashanti Region.

### **5.3 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 rate 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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## **APPENDIX**

### **QUESTIONNAIRE**

#### **SECTION A. DEMOGRAPHIC INFORMATION**

1. Respondent's Name.....
2. Sex Male  Female
3. Age: 21 to 25years  26 to 30years  31 to 35years  35years and above
4. Marital Status (1) Single  (2) Married  (3) Divorced/Separated  (4) Others
5. What is your main occupation.....(1) Petty trader  (2) Seamstress  (3) Farming  (4) Others
6. Other source of income for individual.....

#### **SECTION B. OTHER GENERAL INFORMATION ABOUT RESPONDENT**

7. Are you the head of the household? [1] Yes [2] No

8. Which MFI do you do business with?.....

9. How did you know about it (MFI)?

From a: (1) friend [ ] (2) Customer [ ] (3) Relative [ ] (4) Advertisements/promotions [ ]  
Proximity to: (5) Home [ ] (6) Business [ ]

10. Which of these products attracted you to join the MFI? (1) Savings [ ] (2) Credit [ ] (3) Insurance [ ] (4) Payment Services [ ]

**B. CREDIT ACQUISITION HISTORY**

11. Have you applied for a loan or credit from the above mentioned MFI? (a)Yes [ ] (b) No [ ]

12. If yes how long have you been a member of the MFI? (a) 1month -1year [ ] (b) 1year- 2years [ ] (c) 2years – 3years (d) More than three years [ ]

12. If no did you apply for the loan again? (1) Yes [ ] (2) No [ ]

13. How long did it take for you to receive your first loan from MFI? (1) 1month – 3months [ ] (2) 4months -6months [ ] (3) 7months – 9months [ ] (4) 10months – 12months [ ] (5) 12months and above

14. What was the purpose of the loan? (1) To start a business [ ] (2) To pay ward school fees [ ] (3) Expand existing business (5) To serve as housekeeping money [ ] (5) others, please specify.....

15. Which of these basic requirements did you have to satisfy before the loan was given to you? (1) Physical collateral [ ] (2) Social collateral [ ] (3) Savings [ ] (4) Guarantors [ ] (5) Others, Please Specify.....

16. How many times have you received credit from the MFI? (1) Once [ ] (2) Twice [ ] (3) Three times [ ] (4) More than three times [ ]

18. If you have ever applied for a loan for your business from microfinance, please rate the following statements.

(5-Strongly agree, 4-Agree, 3-Neutral, 2-Disagree and 1-Strngly disagree) 1 2 3 4 5

a) It was easy to be given a loan \_\_\_\_\_

b) The criteria used by MFI in offering loans is fair \_\_\_\_\_

c) The criteria used by MFI is easy to be met \_\_\_\_\_

- d) I would conclude that MFI has helped me in developing my business \_\_\_\_\_
- e) I would like to obtain another loan if need be from MFI \_\_\_\_\_
- f) Am happy with loan repayment conditions given \_\_\_\_\_
- g) Interest rate offered was fair \_\_\_\_\_

19. How often do you deposit cash into your account? (1) Daily [ ] (2) Weekly [ ] (3) Bi-Weekly [ ] (4) Monthly [ ] (5) Others .....

20. Do you earn interest on the savings? (1) Yes [ ] (2) No [ ]

21. If yes, is it a motivational factor for your continuous deposit with the bank? (1) Yes [ ] (2) No [ ]

22. If NO' what other factor(s) motivates your savings? .....

**C.IMPACT ASSESSMENT**

23. Has there been any improvement in the performance of your business since joining the MFI? (1) Yes [ ] (2) No [ ]

24. How would you assess your weekly and monthly income? (1) Has increased [ ] (2) Remain same [ ] (3) Has decreased

25. If “increased” or “decreased”, what is the range?.....

26. what is the range of your profit per week now? .....

27. What was your range of profit before taking part in the microfinance? .....

28. What is your profit per month now?.....

29. Do you obtain microfinancial services from any other institution? a) Yes [ ] b) No [ ]

30.If yes, name of institution.....

31. Overall satisfaction with service provided by your microfinance institution? Very dissatisfied [ ] Dissatisfied [ ] Neutral [ ] Satisfied [ ] Very satisfied [ ]

32. Have you lost your savings or money before by doing business with MFI? a)Yes [ ] b) No [ ]

33. If “yes”. How? a)Due to company folding up [ ] b) Other, please specify.....

**D. INVOLVEMENT IN HOUSEHOLD DECISIONS**

34. Were you consulted in making household decisions before joining the MFI? (1) Yes [ ] (2) No [ ]

35. If “No” what could be the reason(s) for your non- involvement in household decision making?

.....

36. If “yes” state the reason(s)

.....

37. Were you consulted in making household decisions after joining the MFI? (1) Yes [ ] (2) No [ ]

**E. MFIs ROLE IN IMPROVING BUSINESS WOMEN INCOME**

38. Has your MFI organized any training programme to assist you in your business? (1) Yes [ ] (2) No [ ]

39. In your opinion, what role does your MFI play in improving your income?

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