

UNIVERSITY FOR DEVELOPMENT STUDIES

EMPOWERMENT OF WOMEN THROUGH MICROFINANCE IN THE
TAMALE METROPOLITAN AREA OF GHANA

AMINU ZAKARIA

A DISSERTATION SUBMITTED TO THE DEPARTMENT OF
BUSINESS STUDIES, FACULTY OF EDUCATION, LAW AND
BUSINESS STUDIES, UNIVERSITY FOR DEVELOPMENT STUDIES
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF THE MASTER OF ARTS DEGREE IN BUSINESS
PLANNING AND MICROFINANCE MANAGEMENT

2013

U D S
FACULTY OF EDUCATION
LIBRARY



UNIVERSITY FOR DEVELOPMENT STUDIES

EMPOWERMENT OF WOMEN THROUGH MICROFINANCE IN THE
TAMALE METROPOLITAN AREA OF GHANA

BY

AMINU ZAKARIA (B.A POLITICAL SCIENCE, GEOGRAPHY AND
RES. DEVT.)

(UDS/MBM/0032/10)

A DISSERTATION SUBMITTED TO THE DEPARTMENT OF
BUSINESS STUDIES, FACULTY OF EDUCATION, LAW AND
BUSINESS STUDIES, UNIVERSITY FOR DEVELOPMENT STUDIES
IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF THE MASTER OF ARTS DEGREE IN BUSINESS
PLANNING AND MICROFINANCE MANAGEMENT

MARCH, 2013



DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature.....

Date.....

Name: Aminu Zakaria

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University for Development Studies.

Supervisor's Signature.....

Date.....

Name: Mr Yahuza Abdul-Kadiri

U D S
FACULTY OF EDUCATION
LIBRARY

ABSTRACT

The study sought to assess the empowerment of women through microfinance institutions in the Tamale Area of the Northern Region of Ghana. The research problem was as a result of varied household needs of women, inadequate funds by women to expand their businesses and the increase in the number of microcredit schemes in the area. A descriptive study design was used to gather information from 130 women, in four microfinance institutions. Purposive sampling procedure was used to select the respondents. Questionnaires were respectively administered to the women clientele of the microfinance institutions or companies. The data was analysed by means of descriptive and inferential statistics using the statistical product and service solutions (SPSS). The study reveals that microfinance service empower women to be gainfully employed. Income from such non-farm enterprise is used for household provisions and other essential basic services. This leads to improvement in the family livelihood. Women acting as breadwinners of the family give them the opportunity to take part in household decision-making, which give them the positions relative to men in the Tamale metropolitan area. The study that for women to remain in business and contribute to the family livelihood, it is important for microfinance institutions to consider revising the terms of the credit facilities. This should be done to give women access to 'business money' instead of the usual 'chop money' which hardly help in the empowerment of women in the Tamale metropolitan area.



ACKNOWLEDGEMENTS

I wish to express my profound gratitude to my supervisor, Mr., Yahuza Abdul-Kadiri for his guidance and patience. I am particularly grateful to the entire staff of First National Savings and Loan Company and Bonzali Rural Bank in Tamale, for the support and cooperation they gave me during the administration of the questionnaires. I am also grateful to the entire staff of the Ghana Revenue Authority, Domestic Tax Revenue Division and Tamale where I work, for given me the opportunity to pursue this study.



DEDICATION

I dedicate this work to my lovely mother, Mma Mariam and my wife Ibrahim Zulaihah for their cooperation and assistance during my study.



TABLE OF CONTENT

Content	Page
DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
DEDICATION	v
TABLE OF CONTENT	vi
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF ABBREVIATION	xi
CHAPTER ONE	
INTRODUCTION	
1.0 Background to the study	1
1.1 Statement of the problem	11
1.2 Objectives of the study	13
1.3 Research questions	14
1.4 Delimitation of the study	14
1.5 Relevance of the study	15
1.6 Organization of the study	15



CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.0 Introduction	17
2.1 International concerns on Microfinance	17
2.2 The concept of empowerment	20
2.3 Feminist view of empowerment	22
2.4 The role of Microfinance in women empowerment	24
2.5 The impact of microcredit and micro business	26
2.6 The contribution of microcredit and micro-saving towards income	28
2.7 Problems of microfinance clients and institutions	30
2.8 The need for women empowerment	35
2.9 Participation in Decision making in the household	37
2.10 Microfinance and Gender issues	38
2.11 Economic Freedom and self confidence	39
2.12 Summary of Literature Review	41

CHAPTER THREE

METHODOLOGY

3.0 Introduction	43
3.1 Study area techniques	43
3.2 Sampling techniques	44
3.3 Research instruments	46
3.4 Administration of the Questionnaire	47
3.5 Method of analyzing the results	48

CHAPTER FOUR

RESULTS AND DISCUSSIONS



4.0 Introduction	49
4.1 Background information of respondents	49
4.2 The Role of Microfinance in the empowerment of women	51
4.3 The impact of small loans on micro-business enterprises	55
4.4 The contribution of Microcredit and Micro savings to income generation	58
4.5 Problems of women empowerment through microfinance	61
CHAPTER FIVE	
SUMMARY, CONCLUSIONS AND RECOMMENDATION	
5.0 Introduction	69
5.1 Summary	69
5.2 Conclusions	71
5.3 Recommendations	72
REFERENCE	75
APPENDICES	
A: QUESTIONNAIRE FOR RESPONDENTS	81
B: SOME RESPONSES TO OPEN ENDED QUESTIONS	86



LIST OF TABLE

TablePage

1. Targeted population and questionnaires returned	46
2 .Age-sex distribution of respondents	49
3. Educational levels of respondents	50
4 .Religion of the respondents	50
5. Marital status	51
6. The role microcredit plays in the empowerment of women	52
7. The impact of small loans on micro-business enterprises	56
8. Contribution of microcredit and micro-savings towards income Generation	58
9. Problems of women empowerment through microfinance	61



LIST OF FIGURES

Figures	Page
1. Map of Tamale Metropolitan Area	44



SMEs	Small Medium Enterprise
TMA	Tamale Metropolitan Assembly
UN	United Nations
UNDP	United Nations Development Programmers
WWF	World Women Forum



CHAPTER ONE

INTRODUCTION

1.0 Background to the Study

Microfinance institution offer financial services to millions of people all over the world with an explicit aim of empowering its clients especially the women (Al-Hassan, 2011). The idea of microfinance started in Bangladesh at a village called Jobra in Chittagong.

The concept of microfinance is not new. Savings and credit schemes have operated over centuries now. Example of these schemes include the “susu” of Ghana, “chit funds” in india, “tandas” in Mexico, “arisen” in Indonesia, “cheetu” in Sri Lanka and “pasanaku” in Bolivia. Formal credit schemes have existed for decades now, providing microcredit to the low income clients who were traditionally neglected by commercial banks (Greg, 2003).

One of the earlier and longer-lived micro credit organisations providing small loans to rural poor without collateral was the Irish Loan Fund system, initiated in the early 1700s by the nationalist Jonathan Swift (Greg, 2003). The Irish Loan Fund system began slowly, but by the 1840s, it had become a widespread institution of about three hundred (300) microcredit schemes all over Ireland. The main purpose of establishing these schemes was to make credits and small loans with interest for short periods. At the peak of these, they were making small loans to 20% of all Irish households annually. In the 1800s, different types of formal savings and credit schemes began to appear in Europe organised primarily among



the rural and urban poor. These schemes were called People's Banks, Credit Unions, Savings and Credit Co-operation (Greg, 2003).

The concept of the credit union was developed by Friedrich Wilhelm Raiffeisen and his supporters. Their strong action was as a result of pressing concern motivated by the desire to assist the rural population to break out of their dependence on moneylenders and also to improve upon their welfare (Greg, 2003).

From 1870 onwards, the unions have witnessed a tremendous expansion over a large sector of the Rhine Province and other areas in Germany. This movement quickly spread to other European countries and subsequently to North America, and eventually, supported by the corporative movement in the advanced countries as well as donor and developing countries. In Indonesia, the Indonesian People's Credit Banks or the Bank "Perkreditan Rakyat" (BPR) opened in the year 1895 (Greg, 2003). This Bank became the largest microfinance system in Indonesia. In the early 1900s, rural Latin America adopted this model and began to experiment it. While the goal of such rural finance interventions was defined in terms of mechanising the agricultural sector, they had two main specific objectives: the increased commercialisation of the rural sector, through idle savings mobilisation and increasing investment through credit (Greg, 2003). In most cases, these new banks established to provide financial needs for the poor were owned either by government agencies or private establishments.



By the second half of the twentieth century, governments in collaboration with donor partners focused on providing financial support in the form of agricultural credit to small holder farmers with the hopes of raising productivity and income and, thus empowering them financially. These efforts to expand access to agricultural credit was spearheaded by the state-led interventions in the form of small credits and concessional loans given out to farmers at below-market interest rates through state-owned development finance institutions, or farmer's cooperatives in some cases (Greg, 2003)

However, these interventions or subsidised schemes were rarely successful. Rural development banks suffered massive depletion of their capital base as a result of subsidised lending rates, poor repayment attitude, and default and repayment delinquency. To make matters worse, the funds did not always reach the intended users (poor), often ending up concentrated in the hands of better-off farmers. Meanwhile, from the 1970s onwards, experimental programs in developing countries like Bangladesh, Brazil, and a few other countries extended small loan and microcredit to groups of poor women to invest in micro-businesses with the objective of empowering them and reducing poverty. This type of microenterprise credit was based on the 'solidarity group lending technology,' in which every member of the group guaranteed the repayment of all members. These "microenterprise lending" programmes had an almost exclusive focus on credit for income generating activities (in some cases accompanied by forced saving schemes) targeting very poor (often women) borrowers.



In 1972 the Self Employed Women's Association (SEWA) was registered as a trade union in Gujarat (India), with the main objectives of strengthening its members' bargaining power to improve income, employment and access to social security. In 1973, to address their lack of access to financial services, the members of SEWA decide to establish the Manila SEWA Co-operative Bank. Since then, it has been providing banking services to poor, illiterate, self-employed women and has become a viable financial venture with around 30,000 active clients (Al-Hassan, 2011).

Through the 1980s, the policy of targeted, subsidised rural microcredit came under a slow but increasing attack as evidence mounted of the disappointing performance of direct credit programs, especially poor loan recovery, high administrative costs, agricultural development bank insolvency, and accrual of a disproportionate share of the benefits of subsidised credit to larger farmers. The basic tenets underlying the traditional directed credit approach were debunked and supplanted by a new school of thought called the financial systems approach, which viewed microcredit not as a productive input necessary for agricultural development but as just one type of financial service that should be freely priced to guarantee its permanent supply and eliminate rationing. The financial systems school held that the emphasis on interest rate ceiling and credit subsidies retarded the development of financial intermediaries, discouraged intermediation between savers and investors, and benefited larger scale producers more than small scale, low-income producers (Adjei, 2010).



In recent years, microfinance has gained recognition as a strategy for reducing poverty among large and diverse groups of people (Al-Hassan, 2011). Traditionally, the formal banking institution have been serving only the needs of the commercial sector and providing loans for middle and upper income groups. These banks failed to extend their services to the informal sector and low income earners due to non-availability of collateral for the banks to use in case of default (Amoah-Ahinful and Adzie, 2010). It is against this background that microfinance was introduced as a way of providing uncollateralised loans to borrowers who have no constant income. According to Anin, Microfinance is the provision of financial services in the form of savings and loan to low income earners in both the rural and urban centers (Annin, 2000). International Labour Organisation claimed that financial market tends to discriminate against people who need smaller transactions (ILO, 2002)

Microfinance institution is said to be an institution established to provide financial assistance to the economically active poor, especially women, whose control over income and savings empower them leading to the improvement in the living conditions for themselves and their children (Woller, 2001). Microfinance services, especially microcredit, focus on small loans provided to the poor and low income earners to address the concerns and needs of their households that markets and governments have failed to address (Swain, 2008). Acclaimed as an effective means of poverty reduction and women empowerment, microfinance has become an integral part of development agenda and strategies of most developing countries (Johnson and Rogaly, 1997). There were tremendous expectations of



success reflected in the first Microcredit World Summit of 1997 (Microcredit Summit, 2005). The commitments made seem to be over ambitious, compared to that of the Millennium Development Goals (MDGs). While one of the goals of the MDGs is to half the world's poverty by 2015, the commitment made at the Microcredit World Summit of 1997 was to create a world free of poverty (Islam, 2006).

As a result of this, multilateral donors, bilateral donors, private development and Non-Governmental Organisation (NGOs) have been involved in the promotion of this programme. Through the increase in funding, donors have tried to reach as many poor people as possible, particularly women. Microfinance has become a household name for many poor and low income clients especially women engaged in economic activities. These women are empowered through microcredit they receive from savings and loan companies, financial NGOs, susu groups and other microfinance organisations. No doubt these days microfinance industry is being tagged as one of the fastest growing financial sectors that have the potential of reaching many low income clients globally. Microfinance could even provide large-scale outreach profitably. In the 1990s, microfinance began to develop as an industry. In the 2000s the microfinance industry's objectives were to satisfy the unmet financial demand on a much larger scale and to play a role in women empowerment and poverty reduction (Robinson, 2001).

The microfinance sector in Ghana is a fast growing industry. Non Government Organisation (NGOs) in the financial sector whose activities are mostly in rural



and urban centres direct their efforts towards the productive poor. The mother organisation for FNGOs is the Association for Financial Non-Governmental Organisations (ASSFINO).

Some Rural Banks also undertake microfinance projects (microcredit schemes). Rural Banks are licensed and regulated by the Central Bank of Ghana through the Association of Rural Banks (ARB) Apex Bank which is a mini Central Bank in Ghana for the Rural/Community Banks (Non-Banking) Law, 1993 (PNDC Law, 328). The regulatory frameworks of the Rural Banks limit their expansion in geographical areas outside their catchment's boundaries (Bank of Ghana, 2000). Financial Service Companies, Savings and Loans Companies, and some commercial banks have made an entry into the microfinance industry. Their microfinance operations are mostly confined within the urban centre for commercial reasons. Credit unions also engage in microfinance operations. The apex body for all Credit unions is Credit Union Association of Ghana (CUA Ghana). Credit Unions are owned by its members or clients. Traditional susu (daily savings) Collectors under the auspices of the Susu Collectors Association dominate the urban and rural areas. Despite regulation of this category of microfinance service providers, operators often run away with the savings of their victims. The government of Ghana through the Central Bank is re-tightening the regulation of his category of microfinance service providers (Bank of Ghana, 2007).



Micro savings is one of the financial services of microfinance. Microfinance operators or institutions often design micro saving schemes for a number of reasons. Firstly, is to mobilise idle income from clients. Secondly, to encourage the habit of savings. Finally, to use the daily saving account as a guarantee for susu loans (GHAMFIN, 2010). Example of savings schemes in the Tamale Metropolitan area include: 'Walma' saving schemes by Simil Pong Credit Scheme, 'Adaahye' savings by Bonzali Rural Bank. Susu accounts by First National Savings and loan company only to mention but few (GHAMFIN, 2010). Other informal sector initiatives are self – Help Groups and Association who undertake rotating savings and credit to their members on systematic basis. The government has been setting up microfinance projects in collaboration with development partners for selected sectors and deprived communities for the past years.

In Ghana, only banks and savings and loans companies can accept deposits from the general public. Therefore, the inability to raise low interest liability through deposit mobilisation is a limiting factor in microfinance sub-sector (Bank of Ghana, 2007).

In the Tamale Metropolis, the picture of microfinance share similar characteristics. Though unregulated, the industry is being dominated by the female clients who mostly run micro-business enterprises and small scale businesses (MASLOC, 2010). At the formal governmental level, MASLOC and Social Investment Fund are available microcredit schemes. These schemes are not



easily accessible unlike those in the informal sector. Conventionally, every citizen in Tamale is qualified to access these credit schemes. However, the reality on the ground is that, if you are not a political party faithful, you are most unlikely to get it. Thus, you either need to be a political party faithful or pander to the whims and caprices of the Metro Chief Executive or party leadership. Still in the formal sector, banks such as, Intercontinental bank, Fidelity bank, Barclays bank have partnered with some susu collectors to provide small loans to low income women in the Tamale metropolis (Bank of Ghana, 2007).

Microfinance situation in the Tamale metropolis also present a picture of mass proliferation of schemes and institution operating under the disgust of investment companies. Example of such institutions is the Financial Non-Governmental organisation. Furthermore, in the informal sector, there exist self-help groups, susu club, susu associations, money lenders, and daily susu collectors (Bank of Ghana, 2007). Microfinance institutions in Tamale metropolis use both single lending and group lending technologies. With regards to savings mobilisations and provision of small loans to their clients, the same technologies are used. Interest rates vary from one organisation to another but fall in the neighborhood of 20%-60%, an epitome of usury (Bank of Ghana, 2007).

Microfinance is therefore effectively positioned to take the poor into the new domain of economic and social empowerment. To some extent, microfinance aims at creating credit facilities for the poor and increases their ability to save in the future. Most of these are done through microfinance institutions where savings



can be a key to financial sustainability. One of the aims of Microfinance is to promote savings for development in communities and particularly to empower women in the society through the development of self-managed economic groups. Significant development in recent years has been the mushrooming of community-based organisations and initiatives at the local level for women. Self-help programme, often in the form of savings and credit or microfinance schemes, have succeeded in changing the lives of poor women, enhancing incomes and generating positive results such as: increased self-esteem and self-confidence, participation in decision-making at the household and community or societal level, contribution to family income and household expenses (Celestine, 2009).

However, in recent years, counter-arguments have also been advanced, suggesting that there could be negative effects or that the result of microfinance has not been encouraging as elaborated above. Moreover, the debate as to the actual effectiveness of microfinance in women empowerment is being continued, essentially, focusing on two important issues namely: whether microfinance services especially micro-credits reach the 'hand core. And secondly, whether microfinance services have been able to successfully integrate financial sustainability with outreach (UN, 2005). The focus of the debate has been extended to the possible potential of microcredit for women's empowerment in view of the fact that, the amounts of loans are usually very small with high interest rates couple with high illiteracy level among women (UN, 2005). Other views have also been expressed including the fact that, majority of the women on



microfinance loans, lacked control over the loans, but, had the responsibility of repayments (Goetz and Gupta, 1994).

1.1 Statement of the problem

Tamale, the regional capital of northern region of Ghana is a home of many financial institutions offering microfinance services such as microcredit and micro saving (GHAMFIN, 2010). The effectiveness of microfinance in empowering women is being challenged with a number of negative views. For instance, majority of the women on microcredit loans lack control over the use of the loans, but have the responsibility of repayment (Goetz and Gupta, 1994). Moreover, women do not easily have access to microcredit facilities, unless they subscribe to compulsory micro savings schemes such as 'walma' saving scheme by Simil pong and 'adaahye' savings scheme by Bonzali Rural Bank (GHAMFIN, 2010). The dilemma is whether access to economic resources like microcredit has an explicit ability to empower women considering the size of the loan and the procedures involve (Yunus, 2004). In other instances, micro-credit can sometimes increase women's disempowerment through higher debt repayments and work burden since credit by definition is a liability, (Kerr, 2002).

Most of the microfinance institution in the Tamale metropolitan area use Group solidarity lending technology which usually comes as additional burden in the sense of cost and time. Under the technology women client are put into sizeable groups based on their respective credit history. Group network is enhanced through weekly attendance by group members. The difficulty is that most women



who have not been able to attend weekly group meetings face humiliation from group members. This technology also imposes additional burden on women who is already battling with huge household chores. Again, women will have to seek the consent of their husbands before taking loan.

In many progressive Ghanaian societies like Tamale metropolis, discrimination against women and gender inequality is the result of structural impeding and problems built into the social order, often reinforced by culture and tradition (Adjei, 2010). For instance, there is difficulty on the part of women who owned microenterprise to see themselves as business women, because of community pressure to conform to the local cultural idea of a good woman (Al-Hassan, 2011). Furthermore, most women are ignorant of their roles in the communities they live and they still hold onto the notion that leadership positions are the preserve of their male counterparts. That is why women are often not well represented because village heads select participants based on ascribed leadership positions, such as household head perceived leadership capacity (Adjei, 2010). Women are also excluded because of their preoccupation with household duties. It has been observed that even when women become members of committees, men still tend to dominate in the work of committees. Even the recent local government elections in Tamale metropolis have seen very little participation of women. Thus out of 64 member selected to represent the sixty-four (64) electoral areas in Tamale metropolis, only one electoral area elected a woman to represent it (Electoral Commission, 2010). Therefore, women empowerment has been in coma for a long time and need to be awakened.



In addition, the provision of microfinance services such as microcredit to women in Tamale Metropolis has made little impact on the businesses of the women, as most of them took loan and used it as household resources, instead of resources for the business. As a result, loan repayment becomes a big problem hanging around their necks. This pushes husbands and family relatives into the settlement of habitual load defaults. The question that usually comes to mind is where lies the empowerment drive of microfinance? It is also claimed that, empowerment through microfinance creates gender awareness and promotes respect for women's rights. But, it is shocking to learn that domestic violence and abuse of women's right are still witnessed in parts of the Tamale metropolis (CHRAJ, 2010). Besides, most men still have very little regard for the rights of women, especially the unlettered women who are mostly clients of microfinance institutions. Brainstorming through this dilemma, the Researcher is motivated to investigate why provision of microfinance services has played very little role in empowering women in the Tamale metropolitan area.

1.2 Objectives of the Study

The broad objective of this study is to appraise the role of microfinance as a tool for women empowerment in Tamale metropolis.

Specifically, the study seeks to:

1. Assess the role microfinance plays in the empowerment of women.
2. Examine the impact of small loans on micro-business enterprise run by the female client of microfinance.



3. Assess the contribution of microcredit and micro-savings to income generation and self-employment of the female clients.
4. Examine the problems of women empowerment through microfinance.

1.3 Research Questions

1. What role does microfinance play in the empowerment of women in Tamale Metropolis?
2. To what extent does the impact of small loans on micro-business enterprises contribute to women empowerment?
3. What has been the contribution of microcredit and micro-savings to income generations and self-employment?
4. How do the problems of microfinance clients of microfinance institutions, and other stakeholders in the microfinance industry in Tamale Metropolitan area.

1.4 Delimitation of the study

The study was limited to women who are clients of microfinance institutions, and other stakeholders in the microfinance industry in Tamale Metropolitan area.



1.5 Relevance of the study

This study will aid policy makers to formulate appropriate strategies to tap the potentials of microfinance sub-sector in Ghana. It will also serve as a reference and guidance material for researchers in banking, finance and Economics. Furthermore, the information will be useful to the Savings and Loans companies, Susu companies, Non-Governmental Organisation (NGOs), rural banks and other microfinance institution in packaging their services. It will also be useful to the customers of these companies as they will have a broader knowledge of services available in the industry in the industry. This study will help microfinance industry regulators to formulate appropriate strategies for effective supervision.

1.6 Organisation of the study

This research work is organized into five chapters. The first chapter, which is the introduction, deals with the background to the study. Statement of the problem, objectives, research questions, significance and delimitation of the study. The second chapter is the review of related literature on international concerns on microfinance and its evolution the concept of empowerment. Feminist view of empowerment, the role of microfinance in women empowerment, the impact of micro credit on micro-savings to self-employment and Income Generations. Problems of women empowerment through microfinance loans. Chapter Three is the research methodology which consists of the study area population, the sampling techniques, the research instrument, administration of the questionnaire



and methods of analysing the results. The data gathered are reported, discussed and analysed in Chapter Four. Finally, the summary, conclusion and recommendations are captured in Chapter five.



CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

In this chapter, a review of the related literature is presented. It takes a look at some international concerns on microfinance and its evolution, the concept of empowerment and the feminist view of empowerment. In addition, the role of microfinance in women empowerment, the impact of microcredit on micro-business enterprises, the contribution of microcredit and micro-savings to income general and the problems of women empowerment through microfinance were reviewed at length. Finally, the need for women empowerment, active participation in household governance, women rights and liberties, economic freedom and self confidence, recognition and prestige in the family, self-employment and income generation, women and gender issues were also reviewed.

2.1 International concerns on microfinance and its evolution

In a male dominated society women have always been discriminated against in spheres of life, is it family level, social life, economic and political spheres. The traditional duty of managing households created hindrance in social and economic empowerment over the years (Sengeeta, 2010). Various efforts have been made by governments and non-governmental organisations to promote women empowerment in cities and rural areas. One of such efforts is the microfinance intervention. Microfinance is broadly defined as the provision of financial



services such as credit, savings, insurance, money transfer and other basic financial services involving very small (micro) amounts to the poor and low income earners who normally lack access to traditional banking and financial service (Sengeeta, 2010). Microfinance originated with micro credit which essentially entails the provision of credit or small loans to very poor people, often without any collateral. Example of microcredit is the Susu Loan in Ghana (Adjei, 2010).

Microfinance has gained worldwide acclaim in helping the poor, especially poor women through increased income, self employment and empowerment. According to microcredit summit campaign, about 3,316 micro credit institutions provided loans to 133 million clients worldwide in 2006, up from 18 institutions and 13 million clients in 1997 (Microcredit summit, 2005). Further analysis of data indicates that 92 million of these clients refer to the people living below their nation's poverty line when they took their first loan. The reach of microfinance varies in different regions across the world. Asia and Latin America have the highest numbers of borrowers, in the case of Middle East, Northern African and Central Asia only few benefits from microfinance services (Microcredit summit, 2005).

Microfinance is a scheme designed to improve the well-being of the poor through better access to credit facilities and other financial services. It is considered as a vital issue in the development agenda relating to the provision and delivery of credit and other services to the poor. This allows the poor to tackle poverty



themselves. Microfinance is therefore an effective tool well positioned to assist the poor especially women into the new domain of the economic empowerment (Kabeer, 2009). One of the aims of microfinance is to promote saving for the purposes of development in communities and particularly to empower women in the society through the development of self-managed groups (Kabeer, 2009).

The concepts of micro-credit and micro finance are not new in Ghana. The first Credit union in Africa was established in Northern Ghana in 1995 by Canadian Catholic Missionaries. However, susu which is one of the microfinance schemes in Ghana is thought to have originated from Nigeria and spread to Ghana in the early twentieth century (Adjei, 2010).

The history of microfinance can be traced back to the middle of the 1800s when the theorists were writing over the benefits from small credits to entrepreneurs and farmers as a way of getting the people out of poverty. But it was at the end of World War II with the Marshall plan the concept had a big impact. Today the use of the expression micro financing has its roots from the 1970s, when Grameen Bank of Bangladesh, started to shape the modern microfinance industry (Greg, 2003).

Another pioneer in this sector is Akhtar Hameed Khan. At his time there was a paradigm shift and new microfinance initiatives introduced many new innovations into the microfinance subsector. Many pioneering enterprises began experimenting with loaning to the underserved people. The main reason why microfinance is dated to the 1970s is that the programs could show that people



can be relied on to repay their loans and that it's possible to provide financial services to poor people through market based enterprises without subsidy. Shore bank was the first microfinance and community development bank founded in 1974 in Chittagong, Bangladesh (Greg, 2003).

The World Bank estimates that more than 16 million people are served by some 7000 microfinance all over the world. A consultative Group to Assist the Poor (CGAP) expert means that 500 million families benefit from these small loans making new business possible. In a gathering at a Microcredit Summit in Washington DC the goal was reaching 100 million of world's poorest people by credits from the world leaders and major financial institutions (Consultative Group to Assist the Poor, 2004)

2.2 The concept of empowerment

The concept of empowerment has been the subject of much intellectual discourse and analysis. For the purposes of this study, the conceptual framework expounded by the United Nations (UN) is worth considering. Empowerment is defined as the processes by which women take control and ownership of their own lives through expansion of their choices (United Nations, 1997). In this context, UN definition of empowerment embraces the fact that, an empowered woman is free from unnecessary controls. In other words, a woman who is empowered takes responsibilities for her own life choices and makes decisions based on her own



convictions. An empowered woman is an independent minded person capable of managing her own life (United Nations, 1997).

In other context, empowerment is seen as the means of acquiring the abilities to make strategic life choices which previously have been denied. The core elements of empowerment are as follows: agency, self-confidence, awareness of gendered power structures and, self-esteem. Agency is one's ability to define one's goals and act upon them (Kabeer, 2009).

Empowerment can manifest itself in the hierarchy of different levels individual, household, community and societal and is even facilitated by providing encouraging factors (e.g. exposure to new activities, which can build capacities) and (removing inhibiting factors, e.g. lack of resources and skills) (Asia-Pacific Perspectives, 2002/03). Two vital processes have been identified as important for empowerment. The first is social mobilisation and collective agency, as poor women often lack of the basic capabilities and self-confidence to counter and challenge existing disparities and barriers against them. Often, change agents are needed to catalyse social mobilisation consciously. Second, the process of Social Mobilisation needs to be accompanied and complemented by economic Security. As long as the disadvantaged people suffer from economic deprivation, poverty, hunger, diseases and livelihood insecurity, they may not be in a proper footing to mobilize.



2.3 Feminist view of empowerment

Generally, Women empowerment is the process by which women take control and ownership of their own lives through expansion of their choices (United Nation, 1997). In this context, empowerment goes beyond mere access to economic resources such as credit or loan facilities. It has to do with creating an environment that will enable women to express their own opinions on issues bordering themselves and the society. It also means taken away barriers that hinder women progress in all spheres of life, be it social, economic, cultural or political. Women's ability to take responsibility and ownership of their own actions and inactions make women empowerment meaningful (United Nation, 1997).

In feminist paradigm, empowerment is a process of internal change, or power within, augmentation of capabilities, or power to and collective mobilisation of women and when possible men, or power with, to the purpose of questioning and changing the subordination connected with gender or power over (Mayoux, 1997). In this connection, women empowerment is not also linked to credit or loans, rather; it is seen as a process of building women capacities through social mobilisation (organised women social network groups) and collective agency (the ability of the women to set their own goals and act upon it). The result of which, is to challenge the psychologically mindset that places men above women. This viewpoint reinforces the notion that, mere access to loans alone does not necessarily bring about empowerment. Social mobilisation and collective agency



are important opportunities for women to change the power relations and to create their own spaces in the prevailing power structures (Rahman, 1999).

However, some feminist organisation believed that an increased access to financial resources represent an opening opportunity for greater empowerment. Self Employed Women's Association (SEWA), explicitly perceive microfinance as a tool in the fight for the women's rights and independence (Kabeer, 2009). They found that access to credit was also associated with higher levels of mobility, political participation and involvement in 'major decision-making' for particular credit organisation (Celestina, 2009).

Furthermore, empowerment signifies increased participation in decision-making and it is a process through which people feel themselves to be capable of making decisions and the right to do. Decision making is critical to empowerment and the ability of a woman to make strategic life time decision without external influence determines her level of empowerment. Therefore women empowerment has to do with the ability of a woman to make strategic life choices and decisions which she has been denied previously (Kabeer, 2009).

According to Kabeer, women empowerment is a process and not a tool for advocacy which requires measurement and quantification of empowerment (Kabeer, 2009). She added that the ability to exercise owner's choices comes in three (3) dimensions, namely: resources, agency and achievement. Resources for instance, do not only include access, but also all future claims to material, human and social resources. Agency is the process of decision-making as well and the



ability of the women to set their own goals and act upon them. And achievements (well-being outcomes) (Kabeer, 2009).

Many organisations and NGOs such as: Self-Employed Women Association (SEWA), Women World Forum (WWF), Rashtriya Mahila Kosh (RMK), African Women's Development Fund (AWDF), World Bank, and Beijing Platform for Action of 1995 have used various microfinance programmes as a tool for the promotion of gender and women's rights (Celestina, 2009). Therefore, feminist view on women empowerment varies from one scholar to another and from one organisation to another.

2.4 The role of microfinance in women empowerment

Majority of microfinance programmes target poor women and low income earners with the explicit goal of empowering them (Celestina, 2009). There are varying underlying motivations for pursuing women empowerment. Some argue that women are amongst the poorest and the most vulnerable of the underprivileged and thus helping them should be a priority. Whereas, others believe that investing in women's capabilities empowers them to make choices which is a valuable goal in itself but it also contributes to greater economic growth and development (Celestina, 2009). It has been noted that, an increase in women's resources results in the well-being of the family, especially children (Mayoux, 1997).

A more feminist point of view emphasizes that an increased access to financial resources represent an opening opportunity for greater empowerment. Such organisations explicitly perceive microfinance as a tool in the fight for the



women's rights and independence. Finally, keeping up with the objectives of financial viability, an increasing number of microfinance institutions prefer women members as they believe that they are better and more reliable borrowers. Hashemi and other scholars' investigated on whether women's access to credit has any impact on their lives, irrespective of who had the managerial control (Hashemi, Schuler, and Zeller, 1996). Their results suggested that women's access to credit contributes significantly to the greater economic development. They also observed that, women's access to credit contribute to the livelihood of women and increase in asset holding in their own names, to an increase in their exercise of purchasing power, and in their political and legal awareness. They also found that access to credit was also associated with higher levels of mobility, political participation and involvement in 'major decision-making' for particular credit organisations (Celestine, 2009).

However, when loans are channeled through women's groups and are combined with more investment in social intermediation, substantial shifts in decision making patterns is observed. This involves a remarkable shift in norm-following and male decision making to more bargaining and sole female decision-making. It was found that, the effects are even more striking when women have been members of a group for a longer period and especially when greater emphasis has been laid on genuine social intermediation. Social group intermediation had further gradually transform group into actors of local institutional change.



Mayoux argues that the role of microfinance programmes on women empowerment is not always positive (Mayoux, 1997). Women that have set up enterprises benefit not only from small increases in income at the cost of heavier workloads and repayment pressures but, sometimes their loans are used by men in the family to set up enterprises, or sometimes women end up being employed as unpaid family workers with little benefit (Mayoux, 1997). She further points out that in some cases women's increased autonomy has been temporary and has led to the withdrawal of male support. It has also been observed that small increases in women's income are also leading to a decrease in male contribution to certain types of household expenditure.

In a nutshell, microfinance plays an important role in empowering women through the provision of microcredit to women. In addition, microfinance helps build women's capabilities to participate in decision making in the household and at community level. Microfinance also plays an important role in social intermediation and finally, it helps to stimulate economic growth and development.

2.5 The impact of micro credit on micro-business

The impact of micro credit on micro-business and women client and micro – business enterprises have been the subject of debate among scholars. While some argue that small loans have got some positive externalities on the borrower, other disagrees. Microcredit can lead to series of events including, increase in women



income and their control over the use of it (Johnson and Rogaly, 1997). They added that, easy access to small loans enhance women knowledge and skills and thereby increase their participation in household decision making. The impact of this has been vigorous transformation in the society, change in social attitudes, perception change and women's status is also enhanced (Johnson and Rogaly, 1997).

Furthermore, small loans have also helped organised idle women into a productive workforce (Yunus, 2000). Today; most women have been able to expand their business largely due to easy access to small loans. It is important to note that; microcredit has not only made women more productive, but also empowered them. As a result, women are now integrated into the socio-economic activities, contributing to the family income, increase participation in decision-making and exercising more control over their fertility (Yunus, 2001).

Contrary to the above, some scholars cast doubts over the useful impact of small loans. They disagree that small loans increase women's income and enhance their abilities to exercise control over its use. To them majority of the women on microcredit even lack control over the use of it, but has the responsibility to repay the loan (Goetz and Gupta, 1994). While women are more likely to have control over the use of the financial resources in African, the case for Bangladesh is different (Mayoux, 2002). In Bangladesh, only a handful of the women mostly divorced or widows maintain reasonable control over the management of their



monies, but majority of the women lack significant control over the loan (Johnson and Rogaly, 1997).

2.6 The contribution of microcredit and micro-savings to self-employment and income generation

Microfinance provides employment opportunities for women all over the world. Women can be successful and better entrepreneurs if given the much needed conducive environment and provided with enough resources most importantly the required amount of capital (Sengeeta, 2010). It is observed that, the study of rural Indian women have proven business excellence (Sengeeta, 2010). They have been found to be better in credit utilisation than men, but because of lack of access to financial resources, they are often more vulnerable to poverty than men (Sengeeta, 2010).

Self-employed low-income women in developing countries rely heavily on commercial, small-scale farm and home based micro enterprises for this family livelihood. In Ghana women constitute 52% of the total agriculture labour force. They also constitute 70% of the national food crop producers, made up of 95% of the actors in agro-processing and constitute of the majority of people in the marketing of food crops in Ghana (Ghana Statistical Service, 2010). As a result, empowerment of women is crucial to national development.

Essentially, microfinance has a link with income generation, especially with the women engaged in micro-enterprises and small scale businesses, for the



expansion their of business. And once business is expanded, more income is generated leading to the growth of the business (Sengeeta, 2010).

Women' credit worthiness and credit utilisation has recently been the subject of much debate by scholars. It has been argued that, access to credit alone does not automatically translate into empowerment. Women must have the ability to use the resources to meet their goals (Cheston and Kuhn, 2002). And the goal here is to become a better entrepreneur, manage and own business supported by credit. Again, Rahman (1999) argues that, loans alone without any viable opportunities for women to transform the power relations and create their own spaces in the prevailing power structures makes equitable development and empowerment of women unattainable in the society. In this context, it is imperative to note that mere access to loan facilities alone grumbles meaningless in an empty mind. By implicity, women may have access to all the big loans, but if they do not invest the loans in to productive ventures, the loans will certainly become wastes. As a result, money for repayment may be taken from other financial resources, possibly leading to greater delinquency and indebtedness (Mayoux, 2002).

Income generation is also directly link-up with self employment. Excess income generated from business is an essential pre-requisite for the expansion and growth of every business ventures (Sengeeta, 2010). Once business is grown or expanded, more hands will be needed for effective and efficient management. But the problem which usually crops up is the kind of business activities most women engaged in. many a time, the business activities are usually an extension of women's domestic activities (Celestine, 2009). That is why women gain very



little for their labour for many traditions income generating activities (Hunt and Kasynathan, 2001).

2.7 Problems of Microfinance Clients and Institution

Despite the increased support for microfinance, there seem to be an ongoing debate in academic literature as to the effectiveness of microfinance in the empowerment of women. The dilemma is whether access to microfinance has an explicit ability to empower? What sorts of empowerment do women need? What perceptions do women participants themselves hold about the credit schemes? And finally, given the many social and economic factors that affect Ghanaian women especially those living in the rural areas, does mere access to microfinance offer useful potential for their empowerment (Yunus, 2001).

Over the years the debate as to the actual effectiveness of microfinance in alleviating poverty is being continued, essentially, focusing on two issues; whether microfinance services especially micro-credits reach the 'hard core poor' or whether they are able to successfully integrate financial sustainability with outreach (United Nations, 2005). More recently, the focus of the debate has been extended to the possible potential of microcredit for women's empowerment given that the amounts of loans are usually very small with high interest rates couple with high illiteracy level among rural women. While some hold positive views about the relationship, others have negative views. Some of the negative views widely held include the following.



Goetz and Gupta (1999) adopted managerial control over loans as strong indicator of empowerment and their conclusion was that, majority of the women on microfinance loans, lacked control over the loans, but, had the responsibility of repayments. This then put the women in a disadvantage position – interpreting this as wide spread loss of control, hence disempowerment.

Ackerly (1995) found that microcredit could not alter patriarchal structures and gender relations, thus, women had very little control over loan uses and benefits. That the tasks of women empowerment required by microcredit are often difficult and affect their health and products have little market potential. Micro credit is no better than, nothing'. The tasks required from women were often difficult to perform, their products have little market potential and the implementing agencies (microfinance institutions) have no technical competence. Again, they observe that, long as socio-cultural factors continue to militate against women (such as 'women seeking the consent of husbands before taking loan and patriarchy) still persist and are perpetuated by society, women do not benefit from such schemes. In support of this, Kerr (2002) has argued that on its own, micro-credit can sometimes increase women's disempowerment through higher debt and work burden since credit by definition is a liability.

Furthermore, the pessimist believe that the optimists fail to control what would have happened in the absence of such micro-credit schemes and also fail to measure the opportunity costs of women clients' time (Navajas, 2000). Some studies have shown that microcredit will not work in locations that do not have



sufficient cash-based market activity and with low population densities, or are largely self-contained with few external relations, such as island countries in the Pacific (UNDP, 1997). Some critics have pointed out that while microfinance schemes or institutions can reduce vulnerability; they hardly lifted women out of abject poverty or even if they do, have taken a long time to demonstrate any significant impact. On their own, microcredit schemes have limitations as they cannot transform social relations and the structural causes of poverty into women empowerment (Adjei, 2010). Thus, a broader issue remains: what role, if any, can microfinance play in transforming society.

In many progressive societies such as Tamale, discrimination against women and gender inequality is the result of structural impediments and problems built into the social order, often reinforced by culture and tradition (Adjei, 2010). To bring about social transformation, it is important to consider the following factors: access, ownership, control of productive resources; and inclusion in the decision – making process.

Cultural beliefs and practices determine the norms, values, the dos and don'ts and interest of a people. A cultured people can tend to hold positive or negative evaluative tendency towards the empowerment interventions. The fact is that, people see things differently as they operate and live in different places. While the European leadership style allows women to show open leadership, some Ghanaian cultures and religions such as Islam do not support open leadership



for women. This can be linked to empowerment of women through microcredit (Adjei, 2010)

In Ghana and especially Tamale Metropolis, culture plays a major role in the organization of domestic activities. Women do not take part in the decision – making process. But the ability of a woman to provide for the family economically may give her the opportunity to influence household’s decision. To gain the chance to have a say in decision – making, a good number engaged themselves in non – farm activities as a source of income to be able to contribute to the household welfare needs. In other words, their ability to contribute to the household welfare needs would afford them a minimum control and power in family decision – making process, which would lead to their empowerment. Advocates of resource theory have suggested that when women make substantial economic contributions to the household, power and control in decision – making will shift in their favor (Blood and Wolfe 1996). The ingenuity in these women to be able to negotiate with the existing cultural factors in order to contribute to household decision – making process enables them to play the role of social actors.

Despite the existence of the aforementioned obstacles which may be confronting women, they still maneuver their way through, provided they have different varieties and densities of networks. They develop various ways and means to be able to exploit available opportunities. This implies that, even though women are denied the opportunity to take part in household decisions; they regain it when



they are able to contribute to the household welfare needs. Narayan explained empowerment to mean the expansion of freedom of choice and action to shape one's life, that is, the control over resources and decisions (Narayan, 2000). Unfortunately, women freedom is mostly always curtailed by factors such as local culture, which positioned them in a subordinate position in relation to their men folks. Subordination is often embedded in a culture of unequal institutional relations. So therefore, an institutional definition of empowerment is the expansion of assets and capabilities of women to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives (Narayan, 2002). From the above definition, it could be deduced that women are usually found in a subordinate position within society as a whole or even in the household.

According to Goetz & Gupta, women lack managerial control over the loans they acquire but have the responsibility to repayment (Goetz and Gupta, 1994). This means, they do not get involved when it comes to decision on how much should be given, when should loans be given, how much interest are to be paid (not negotiated) and when it's appropriate to start repayment. But they are only informed of all these sensitive issues which in most cases have results in their failure to repay. This also goes to reaffirm Kerr (2002) that microcredit in itself results in higher debt burden and unnecessary burden on women which results in disempowerment.



Microcredit institutions are the most affected if women failed to repay their loans (GHAMFIN, 2001). They have gradual decline in their loan portfolios, operations cost not covered, denial of introduction of new services and consequently leading to collapse of most schemes (GHAMFIN, 2001). Tamale metropolis is of no exception to all the enumerated problems. According to the metropolis assembly, from the year 2000 to date fifteen (15) microcredit institutions have folded up and the turnover ratio has not been the best. Only five new ones including the Government initiative of MASLOC have been included (TMA, 2010). Finally, some cultural believes the way women see and do things around the Tamale metropolis tend to sometime have a negative effects on their economic empowerment drives.

2.8 The Need for Women Empowerment

Women bear a disproportionate burden of poverty. They make up for the majority of low paid work and informal sector of most economies (Cheston and Kuhn, 2012). Since they present half of the world's population, development cannot be effective and efficient if women are excluded from development process (Islam, 2006). Thus gender equality is a matter of development effectiveness and not just a matter of political correctness and kindness (World Bank, 2002).

Both the World Bank (2002) and the Beijing Platform for Action of 1995 (BPFA, Women Poverty, Strategic Objective A.3) have recognized women's access to financial resources as an important strategy for poverty reduction and empowerment, and donors have increasingly directed microfinance services to



women. Indeed, the proportion of women participating directed microfinance services to women. Indeed, the proportion of women participating in this programme is high. At the end of December, 2007 3,552 microcredit institutions reported having 154.8 million clients, 106 million of whom were among the poorest when they took their first loan. Of these poorest clients, 83.4 percent were women (Microcredit Summit, 2005).

The rationale behind targeting women is not only to enable them equal access to financial services. Muhammad Yunus, the founder of Bangladesh Grameen Bank, for instance writes that women have greater long-term vision and are excellent managers of scarce resources (Yunus, 2003). It is also believed that they are more likely to spend their income on the household well-being and they reach higher repayment rates (Kabeer, 2009). While this might be true, it does however, not necessarily translate into empowerment.

As mentioned above, it has been recognised that women are more likely to spend the money in ways that are more beneficial to the household than their male counterparts. They proportionally spend more of their additional income on things that improve develop of human capital, better sanitation, better nutrition and also better health care and education (Kabeer, 2009). If microfinance loans given to women thus benefit more than one person it seems sensible and prudent to direct them to women (Celestine, 2009). Unfortunately in some cases this loan does come as an addition to the already existing family budget, since evidence shows that in Zimbabwe and Niger men use additional finance women bring to the



family as an opportunity to spend for their own luxury expenditure since they are freed of some of the responsibilities (Mayoux, 2002). Even if this is not the case, investing into household consumption leaves women, especially the poorest with little or nothing left for investment into income generating activities.

Another argument why women are preferred by microfinance institutions (MFI) is the high repayment rates. These are often used to measure the success of, yet the appropriateness of such equation should be questioned (Burning, 2004). Does financial sustainability of MFIs, achieved through high repayment rates, means empowerment? The repayment statistics alone do not necessarily mean an increase in income. It is argue that, money to repay can be taken from other resources, possibly leading to more indebtedness (Mayoux, 2002). Thus, targeting women in some cases can pose even greater burden on them, causing recycling of debt (Celestina, 2009).

The equation of financial sustainability with women empowerment and poverty alleviation can have negative implications. Financially sustainable minimalist microfinance is being promoted as the key strategy for poverty alleviation and empowerment (Mayoux, 2002). If responsibility for development is shifted onto women with no other programmes in place that would challenge the use of financial resources available, empowerment agenda is less likely to be realised.

2.9 Participation in decision – making in the household

The days in which the roles of women in the household were limited to kitchen and raising of children are over (Cheston and Kuhn, 2002). Women competencies



as well as what they can do to enhance good household governance are matters of great empowerment. The competencies of women are being tired and rested in the area of microcredit and small loans management. That is why Johnson and Rogaly insist that, persistent and continuous access to financial resources enhance women skills and competence in decision making in the family (Johnson and Rogaly, 1997).

The term woman empowerment implies women's hold over the use of resources and participation in the decision making as well as leading to improvement in their socio-economic status (Sengeeta, 2010). The role of microfinance has been very positive on women empowerment for the following reasons. It has increased family income and quality of life, and as women represent 90% of the borrower, their contribution is not worthy. It has promoted savings habit among poor women borrowers. It has raised awareness and empowered women to contribute to various socio-economic development. It has motivated women to play an active role in the political sphere of Bangladesh (Khandkar and Pitt, 1998).

2.10 Microfinance and Gender Issues

Feminist empowerment paradigm underlies the gender policies of many NGOs and the perspectives of some consultants and researchers looking at gender impact of microfinance programme (Johnson and Rogaly, 1997). Here the underlying issues are gender equality and women's human rights. Many organisations and NGOs like: Self-employed Women Association (SEWA), Women World Forum (WWF), Rashtriya Mahila Kosh (RMK) and African Women's Development



Fund (AWDF) have used microfinance programme as a tool for the propagation and promotion of gender and women's rights.

Self-employed women association (SEWA) an ardent women/gender organisation uses microfinance as a tool in the context of a wider strategy for women's socio-economic and political empowerment. Some programme have developed very effective means for intergrading gender awareness into programme and for organizing women and men to challenge and change gender discrimination (Isaac and Alexander, 2010). Some even have legal rights support for women and engaged in gender and challenge men to change gender discrimination and engage in gender advocacy. Microfinance reaches 74% of all poor women in the world and therefore microfinance is a great potential channel for women empowerment (Microcredit Summit Campaign, 2005).

2.11 Economic Freedom and Self Confidence

Although leadership skills, self-confidence, and solidarity play an important role in changing women's role and status in the community, indeed women economic success plays an important role in shaping the community's perception of them (Cheston and Kuhn, 2002). Economic freedom of women is best achieved if many of the poor low income women engaged in productive economic activities continue to have access to micro credit. Indeed microfinance has come a long and that is why professor Mohammed Yunus, managing director of Grameen bank promoted microfinance throughout the 1970s and 1980s in a village called Jobra,



in Chittagong of Bangladesh (Bangladesh institute of development studies, (1999).

Yunus of Grameen Bank observed that the strength of microfinance (micro credit) lies in its ability to organize idle women into a productive work force with their proven credit worthiness. He maintained that, micro credit has not only made women more productive, it has also empowered them. As a result women are now integrated into socio-economic activities, contributing to the family income pool, participating in decision making and exercising more control over their fertility (Yunus, 2004).

In a related literature, Beijing Platform for Action 1995 has also recognised women's access to financial resources as an important strategic economic tool for women empowerment and poverty reduction. The rationale behind this is not to shift the burden of poverty reduction and empowerment on to the poor women, but to enhance their chance of gaining economic freedom and building self-confidence (Yunus, 2004).

It has been recognised that women are more likely to spend the money in ways that are more beneficial to the household than their male counterparts. They proportionally spend more of their extra income on things that help develop human capital, better sanitation, better nutrition and also better health and education (Islam, 2006). This scenario does mean that, the contribution of women to the well-being of the household is recognised and the women then strive for themselves good image and prestige in the family (Islam, 2006).



Microfinance gives women an opportunity to make a proper economic contribution to the household and through this, enhances their sense of self-worth (Kabeer, 2009). The researcher understands self-worth here to mean recognition, prestige or respect the women gain as a result of her contribution to family income and food. Johnson and Rogaly therefore believe that, micro finance increases women's income and their control over that income, enhancing their knowledge and skills and increases participation in household decision making (Johnson and Rogaly, 1997). All these bring along transformation in the society, change in social attitudes and perceptions and women's status is enhanced. The emphasis here is the link between microfinance and women's status as expatiated earlier by Johnson and Rogely. By implication, micro finance enhances women status in the family, and this brings recognition and prestige to them in the household.

2.12 Summary of the Literature Review

In a nutshell, a number of related literatures on the empowerment of women through the use of microfinance services have been variously reviewed. The focus of which is on the following sub-topics: the role of microfinance in women empowerment, the impact of microcredit on micro-business enterprises, the contribution of microcredit and micro-savings to self-employment and income generation and the problems of women empowerment through microfinance services. In addition, the concept of empowerment, feminist view of women



empowerment as well as gender issues and microfinance were critically reviewed in relation to women empowerment.

Other areas of concern were the need or rationale behind women empowerment. This literature outlines reasons why women should be empowered. Finally, issues on decision-making in the household, community and society level involving women were careful review to assess the level of women participation in decision-making.



CHAPTER THREE

METHODOLOGY

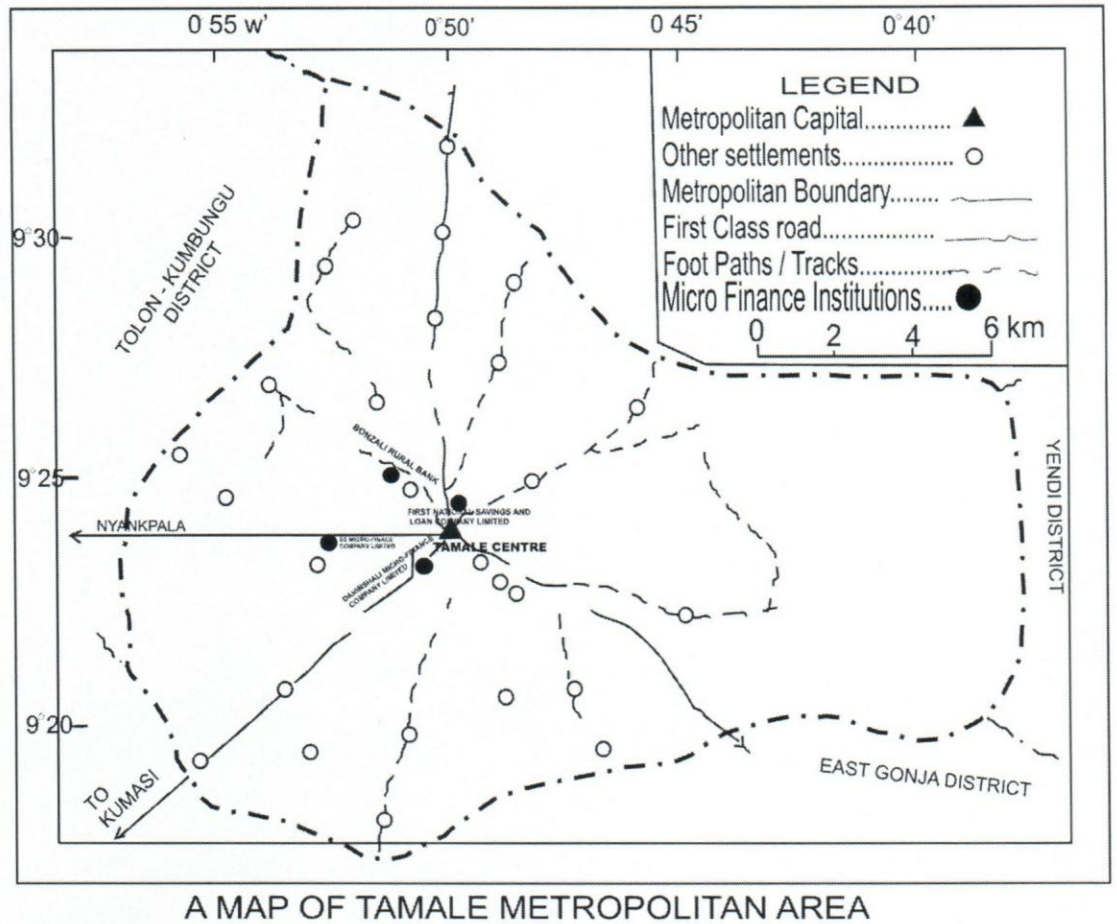
3.0 Introduction

In the previous chapter, a review of the related literature on the subject matter of this study was made. This Chapter describes the methods used to collecting the data for the study and the methods of analysing the results. In addition, the map of Tamale metropolis that showed the location of four microfinance companies under study was also presented.

4.1 The study area population

The study was conducted in Tamale Metropolis, one of the 24 districts in the Northern Region of Ghana (Ghana Statistical Service, 2010). The metropolis is boarded to the north by the Savelugu-Nanton District, to the east by Yendi Municipality, to the west by Tolon-Kumbungu District, and to the south by East Gonja District. Tamale Metropolis covers an area of 720km². The metropolis had a population of 371, 351, accounting for 14.98% of the total population of the Northern Region of Ghana (2,479,461) in the 2010 census and population. In terms of sex ratio, there were 185,995 males and 185,356 females in the metropolis, the sex ratio of male to female was 1.01:0.10 and annual growth rate of 4% in 2010 (Ghana Statistical Service, 2010). Below is the map of Tamale Metropolitan area showing the location of four microfinance companies under study.





3.1 Figure

3.2 The Sampling techniques

Purposive sampling procedure was used to select the 130 respondents from four microfinance institutions. To support this, Sarantakos (2004), states that the non-probability sampling procedures do not employ the rules of probability theory, do not claim representativeness and are usually for exploration and qualitative analysis (Sarantakos, 2004). Hence, 130 respondents were on microfinance loans and available for the study at that time.

Those on the microfinance loan registered in Bonzali Rural Bank were 400 clients. Out of that, only 250 of them were women clients and were available for the study. Hence purposive sampling procedure was employed to select 50 respondents out of 250 women clients who were willing to take part in the exercise.

There were 200 customers of SS Microfinance Company Limited who were on microfinance loans registered as the time of this exercise. Due to resources constraints only 70 women clients were reached. Hence 25 respondents (clients) out of 70 women clients were willing to take part in the exercise and were selected through purposive sampling procedure.

In the case of Dahinshali Microfinance Company Limited, purposive sampling procedure was used to select 17 respondents (women) out of 140 customers who were on microfinance loans. So all these put together gave a total of 130 respondents (women) drawn from four microfinance companies in the Tamale metropolitan area. In summary, purposive sampling procedure was used to select all respondents. In all, 130 respondents were targeted; but only 125 respondents returned their questionnaires to the principal researcher. This is shown in table 1 below.



Table 1: Targeted Population and questionnaires return

Target Group (customers)	Targeted Number of Respondents (customers)	Returned Questionnaires
Bonzali Rural Bank Ltd	50	50
First National Savings and Loads Company Ltd	38	35
SS microfinance company Ltd	25	23
Dahinshali microfinance Company Ltd	17	17
Total	130	125

Source: field data, 2011 Sample size (N=125)

3.3 The research instrument

The research instrument used was the questionnaire (Appendix A). the first part, which is the background information, gathers view on the respondents' sex, age, religion, district, nationality and the four main themes of this study..

Under the first theme, six items were used to gather views on the role of microfinance in women empowerment. Under the second theme, six items were used to gather respondent's views on the contribution of microfinance and micro-savings to self –employment and income generation. Under the third theme, five items were used to gather views on the impact of small loans on micro-enterprises. Finally, six items were used to gather respondents' views on the problems of women empowerment through microfinance.



3.4 Administration of the questionnaire

Before the administration of the questionnaires, two field assistants were recruited and trained. The study instrument was pre-tested with customers of First National Savings and Loans Company (Microfinance Company). The reasons were to test the reliability and validity of the instrument, and this was found to be acceptable for the study. The field assistants were introduced to the credit officers of the following microfinance companies: Banzali Rural Bank, First National Savings and Loans Company Limited, SS Microfinance Company Limited and Dahinshali Microfinance Company Limited. Permission were therefore sought to administer the questionnaires to the respondents (customers) with the help of the credit officers of the various microfinance companies.

Consequently, the questionnaires were distributed to the field assistance to be administered. The field assistants had the opportunity of taking the respondents through the questionnaires, item by item: particularly those respondents who had no formal education. Three weeks were the agreed time for all the 130 questionnaires to be returned to the principal researcher. However, only 125 questionnaires were returned to the principal researcher.

Purposive sampling method was employed in the study as the researcher was constrained by resources and time. Also, questionnaires were administered to customers of the microfinance companies who had come to the banking promises to conduct business. Some questionnaires were also administered to customers of



these companies at their various place of business since not all customers came to the bank premises.

3.5 Methods of analysing the results

The research instrument (questionnaire) was edited to ensure that all the items of each theme were answered by each respondent. Editing ensures that “data is clean i.e. free from inconsistencies and incompleteness” (Kumar, 1999). The responses were tallied (Item by Item), and where necessary, the raw scores were put into identical classes which were later on converted into percentages by means of the Statistical Product and Service Solutions (SPSS). The background information was analysed according to content and where necessary frequency distribution Tables were generated to show the spread of the scores.



CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

This Chapter discussed the results, analysis and findings. It is divided into two main sections: background information and findings and discussion of empowerment of women through microfinance.

4.1 Background information of respondent

The 125 respondents were mainly female clients of the microfinance institutions in Tamale Metropolitan area. Table: 2 below show the distribution of the respondents' age and sex.

Table. 2: Age-sex distribution of respondents

Age	Female	percent %
Group		
20 – 29	33	26.4
30 – 39	53	42.4
40 – 49	22	17.6
Above	17	13.6
50		
Total	125	100

In relation to educational background, 33.6% of the respondents had attained secondary education as shown in Table 3.



Table 3: Educational levels of respondent

Level	Frequency	Percent (%)
Secondary	42	33.6
Middle School Certificate	13	10.4
Tertiary level	7	5.6
No formal Education	63	50.4
Total	125	100.00

Source: Field data, 2011. (N=125)

Religion of the respondents is displaced in table 4 below

Table 4: Religion of the respondents

Religion	Frequency	Percentages
Islam	103	82.4
Christianity	14	11.2
Others	8	6.4
Total	125	100

Source: Field data, 2011. (N=125)

With regards to marital status of the respondents 64.8% were married and the rest are shown in Table 5



Table 5: Marital status of the respondents

Level	Frequency	Percentage (%)
Married	81	64.8
Single	18	14.4
Widow	26	20.8
Total	125	100.0

Source: Field data, 2011. (N=125)

4.5 The role microfinance plays in the empowerment of women

The first objective was to assess whether or not the role microfinance plays in the empowerment of women. A likert-type scale of six (6) items were used to measure the respondents' views on the provision of microfinance services, availability of microcredit to women in the Metropolis, accessibility of microfinance services to women in the Metropolis, accessibility of microfinance services to women in the Metropolis, building the capacities of women to contribute to the household well-being, control over decision making regarding the use of credit, and involvement of women groups in policy issues concerning microfinance administration. Response provided by the respondents in Table 6 shows the level of agreement and disagreement to the statements in terms of percentages.



Table 6: The role of microfinance in empowering women in the Tamale

Statement	Agree	Disagree	Total%
	Yes%	No%	
1. The provision of microfinance services to women should be encouraged	96	4	100
2. Microcredit should be made available to all women in the Tamale Metropolitan area.	92	8	100
3. Microcredit should be made accessible to all women in the Metropolis	96	4	100
4. Microcredit builds the capacities of women to contribute to the household expenses such education, health and nutrition	76	24	100
5. Women should be encouraged to take control of decision making regarding the use of credit	68	32	100
6. Women groups on microfinance loans should be trained on basic business management strategy and records keeping.	84	16	100

Source: Field data, 2011. (N=125)

From Table 6, item 1, 96% of the respondents agreed that the provision of microfinance services to women should be encouraged. To encourage the provision of microfinance services, Government of Ghana established



Microfinance and small loans centres (MASLOC) in all 10 regions of Ghana including Tamale Metropolis with an explicit goal of providing microcredit and small loans at low interest rates to low income earners especially women (MASLOC, 2010). Again, microcredit summit in 2005 recognised that microcredit is an essential financial resource capable of empowering women (microcredit summit, 2005). And therefore, any effort to encourage the provision of microfinance services is commendable. It can also be observed that 96% of the respondents agree strongly that encouraging the provision of microfinance services is a prelude to women empowerment in the Tamale Metropolitan area (Table 6, Item1).

From the same Table, Item 2, 92% of the respondents agreed that microcredit should be made available to all women in the Tamale Metropolitan area. Furthermore, Table 6, Item 3, 96% of the respondents also agreed to the statement that, microcredit should be made accessible to all women in the Metropolis. To support this, Hashemi Schuler and Riley (1996) investigated on whether women's access to credit has any impact on their lives, irrespective of who had the managerial control. Their results suggested that women's access to credit contributes significantly to the greater economic development. They also observed that, women's access to credit contribute to the livelihood of women and increase in asset holdings in their own names, to an increase in their exercise of purchasing power, and in their political and legal awareness. They found that access to credit was also associated with higher levels of mobility, political participation and involvement in major decision-making for particular credit



organisation. In this connection, availability any accessibility to credit is essential to women empowerment. From the responses of the respondents, and the views express by Hashemi and his colleagues on women access to credit, it can be suggested that women's access to microfinance services plays an important role in the empowerment of women in Tamale metropolitan area.

Furthermore, Table 6, item 4, 76% of the respondents agreed that, microcredit build the capacities of women to contribute to the household expenses such as education, health and nutrition. Women spend greater proportion of their extra income on things that helps on human development such as: good sanitation, better nutrition and also better health care (Islam, 2006). In addition, microfinance gives women an opportunity to make proper economic contribution to the household and through this, enhances is an avenue through which women make an effective contribution to the well-being of the household. From the responses of the respondents, and the views express by the scholars, it can be suggested that building the capacities of women to contribute to the household well-being plays an important role in the empowerment of women.

On the issue of control over the use of credit, Table 6, Item 5, 68% of the respondents agreed that, women should be encouraged to take control of decision making regarding the use of credit. Microcredit can lead to series of events including, increase in women income and their control over the use of it (Johnson and Rogaly, 1997). Item 6, of the same Table shows that, 84% of the respondents agreed that, women groups on microfinance loans should be trained n basic



business management strategies and records keeping. Training is one of the ways in which individuals or groups are empowered. It is observed that when women are given employable skills training, power and decision-making shift in their favour (Kabeer, 2009). Majority of the respondents are owners of microenterprise and small scale businesses. Besides, most of them cannot read and write, therefore basic records keeping regarding business transactions is a problem. Though the women are not all that worse off when it comes to managing their business enterprises supported by credit, the respondents views alluded to the fact that majority of them need training on basic recording keeping and modern business management strategies. From the above analysis, it can be concluded that, training of women in basic business management strategies and records keeping empower women in the Tamale Metropolitan area.

4.6 The impact of small loans on micro-business enterprise

The second objective was to examine whether or not the impacted of small loans on micro business enterprises empowers women. A likert-type scale of six (6) items were used to gather respondents' views on the impact of microfinance service, growth of business enterprises, profit from micro business enterprises, investment in other business enterprises and access to small loans has positive impact on business enterprise. Responses provided by the respondents in Table 7 below shows the level of agreement and disagreement to the statements in terms of percentages.



Table 7: Impact of small loans on micro – enterprises

Statement	Agree Yes%	Disagree No%	Total %
1. The impact of microfinance service such as small loans and micro-saving on your business	92	8	100
2. Women use credit to grow and expand Their business enterprise	96	4	100
3. Microcredit helps your business Enterprise to make more profit or returns	84	16	100
4. Small loans help you invest in other Business enterprise	76	24	100
5. Small loans given to the owners of micro- Enterprises who are women should be Discouraged	100	0	100
6. Access to small loans has positive impact On your business enterprises.	96	4	100

Source: field data 2011 (N=125)

From Table 7, Item 1, 92% of the respondents agreed that, microfinance services have positive impact on self-employment, and income generation. The impact of



microcredit on the lives of individual women is very positive (Hashemi, Schuler and Riley 1996). It is observed that, microcredit enables women to hold assets in their own names, and participate in major decision – making (Hashemi, Schuler and Riley, 1996). From the responses of the respondents and the views express by Hashemi (1996) it can be suggested that, the impact of microfinance services empowers women in the Tamale Metropolitan.

In addition, Table 7, Item 2, 95% of the respondents agree that women use credit to grow and expand their business enterprises, whiles in Item 3 of table 7, 84% of the respondents also agree that, the results of growth and expansion of business enterprises come with a lot of benefits in including more returns or high profit. This is also a strong affirmation that, microcredit is not use as additional income for the household as perceive by some scholars. Women can be successful and better entrepreneurs if given the much needed conducive environment and provided with enough resources most importantly the required amount of capital (Sengeeta, 2010). It was observes that, the study of rural Indian women have proved their business excellence (Sengeeta, 2010). It was also found that, women were better in credit utilisation than their male counterparts but because of lack of access to financial resources, they appear vulnerable to poverty then men (Khandkar and Pitt, 1998). From the responses of the respondents and the views express by scholars and it is possible to suggest that credit is used to grow and expand business enterprises.



From Table 7, Item 4, it can be observed that 76% of the respondents agree to the statement that, small loans help women to invest in other business enterprise. Again, 100% of the respondents affirm strongly that small loan given to the owners of micro enterprises who are women should be courage (Table 7, Item 5). The implication of these statements is that, small loans serve as additional financial resources to the business. Tables 7, Item 6, 96% of the respondents agree that easy access to microcredit has positive impact on their business enterprises. They further agree that credit comes as additional income to the business and this helps to make more returns through growth and expansion of the business enterprises.

4.7 Contribution of microcredit and micro-savings to self-employment and income generation

The third objective was to assess whether or not the contribution of microcredit and micro-savings to income generation leads to empowerment of women in the Tamale Metropolis. A Likert-type scale of five items was used to gather views on employment opportunities to women, constant savings with the microfinance institutions, and acquisition of small loans. Responses provided by the respondent in Table 8 shows the level of agreement and disagreement to the statements in terms of percentages.



Table 8: Contribution of microcredit and micro-savings to income generation

Statement	Agree	Disagree	Total%
	%Yes	%No	
1. Microfinance contributes to self			
Employment and income generation	88	12	100
2. Microcredit provides employment			
Opportunities to women who acquire loans	96	4	100
3. Constant savings with the microfinance			
Institution contribute to income generation	68	32	100
4. Micro savings with the microfinance institution			
Provides an opportunity for the acquisition of			
Small loans	92	10	100
5. Access to small loans has empowered you	96	4	100

Source: Field data, 2011 (N=125)

Table, 8, Item 1, 88% of the respondents agreed to the statement that Microfinance contributions to self employment and income generation. In a related issue, 96% of the respondents also agree that, microcredit provides employment opportunities to women who acquire loans. In Ghana women constitute 52% of the total agriculture labour force (Ghana Statistical Service, 2010). As a result, empowerment of women is crucial to national development. Microfinance thus aims at empowering women to be self-employed, because



majority of the women who go for micro finance loans are engaged in agro-processing, petty trading and home base enterprises. From the responses of the respondents and the information gathered from Ghana Statistic Service, it can be suggested that, the contribution of micro-finance to self employment and income generation empowers women in the Tamale Metropolis.

Furthermore, Table 8, Item 3, shows that 68% of the respondents agree that constant saving with the micro finance institution contribute to income generation. Majority of the women save with microfinance institutions in the Tamale Metropolitan area. Susu savings with the microcredit schemes help women to generate additional income for their business enterprise (GHAMFIN, 2003). Also, Item 4, of the same Table revealed that, 92% of the women who save with the microfinance institution provide an opportunity for the acquisition of small loans. Susu savings is an essential prerequisite for the acquisition of small loan. The ability of the woman client to acquire microcredit depends on how much she saves with the microfinance institution (Bank of Ghana, 2000). Some microfinance institutes such as First National Saving Loan Company accepts saving deposit for 40 working days to guarantee a client for a loan facility (Bank of Ghana, 2000). Other microfinance companies accept 20 working days for susu loans (GHAMFIN, 2007). Also, 96% of the respondents strongly agree that, access to small loans has empowered women in the Tamale Metropolitan area (Table 7, Item 5).



4.9 Problems of Women Empowerment through Microfinance

The fourth objective was to assess whether or not there are problems of women empowerment through microfinance. Likert – type scales of six (six) Items were use to gather respondents' view on the effects of high interest on loans repayment. Control over the use of credit and others are shown in Table 8 below.

4Table 9: Problems of Women Empowerment through Microfinance

Statement	Agree %Yes	Disagree No%	Total%
1. High interest rates effect the repayment			
Ability of the women on microfinance loans	80	20	100
2. Control over the decision making regarding			
The use of credit	76	24	100
3. Women inform their husband before taken			
The loan	96	4	100
4. Women use loans as household resources			
Instead of resource for business	68	32	100
5. Women lack managerial skills to manage			
Their business enterprises supported by credit	96	4	100
6. Marriage affects your ability to manage your			
Business supported by credit	84	16	100

Source: Field data, 2011 (N=125)



From table: 9, Item 1, show respondents views on high interest rates. High interest rates on credit obtained from microfinance institutions affects the repayment ability of the women. 80% of the respondents answered in the affirmative. It implies the interest rates of the microfinance companies are really high. The effect is that repayment of the loans becomes a big problem hanging around their (women) necks and this pushes husbands and family relatives into settlement of habitual loans delinquencies. This also goes to reaffirm the fact that, microcredit in itself results in higher debt burden and put unnecessary burden on the women which results in disempowerment (Kerr, 2002).

Microfinance institution is the most affected if the women failed to repay their loans (GHAMFIN, 2007). They have gradual decline in their loan portfolios, operations cost not covered, denial of introduction of new services and consequently leading to the collapse of most schemes (GHAMFIN, 2007). Microfinance institution in the Tamale Metropolitan area is no exception to the above mentioned problems. According to the Metropolis Assembly, from the year 2000 to 2010 fifteen (15) microcredit institution have folded up and the turnover ratio has not been the best. Only five new ones including the Government initiative of microfinance and small loans centre (MASLOC) have been included (TMA, 2010). From the above analysis, it can be concluded that, high interest rates on loan repayment is problem to women empowerment in Tamale.

Ideally, the cost of administering small loans without collateral is always high considering the risk involve. Most of the respondents who are mostly the



customers of microfinance institution complained bitterly about the high interest rate charge by microfinance companies. For example one of the respondents who were the customer of First National Savings and Loans Company complained that the interest rate for this company is as high as 4% per month. And if you are taken the loan for the first time, you will be given six months to pay back the loan at 4% per month. Cumulatively, at the end of the 6months, the customer will pay 24% interest on the principal amount. They added, high interest rates naturally affect their ability to repay the loan leading to default.

On the issue of who control decision making regarding the use of credits, Table 9, Item 2, 76% of the respondents agrees that women has very little control over the use of credits or loans obtain from microfinance institutions. Whiles 24% of the respondents disagree with the statement. Even though, majority of the respondents agree with the statement that women do not exercise maximum control over decision making regarding the use of credit, a reasonable proportion of the women mostly widows and those women who are divorced maintain some amount of control over the use of credit. On a related issue, 96% of the respondents also agree that women do seek the consent of their husbands before taken any loan (Table 9, Item 3). By this, the decision to acquire or use microcredit is the preserve of the husband. It is also found out that, microcredit could not change over loan uses and its benefits (Ackerly, 1995). The tasks of women empowerment required by microcredit need technical competence and formal training. Again, it is observe further that, as long as socio-cultural factors continue to militate against women (such as 'women seeking the consent of their



husbands before taking loan) still persist and are perpetuated by society, women do not benefit from such schemes (Ackerly, 1995). Base on the views express by the respondents, it can be suggested that, women having no control over the decision making regarding the use of credits is a problem to women empowerment

Control goes with power and power leads to self-confident. The fact of the matter is since women lack control over decision making regarding the use of credit, intuitively they also lack power and therefore are no confident in themselves. Most of the women complained that socio-cultural factors tend to affect them in many ways. Aside gender discrimination; they are also subjects if not slave to their husbands pandering to their wincings and caprices. Being reduce to this sheer in subornation, they are powerless when it comes to decision making concerning their own lives, and to even make matter worse, they lack control over the loans they themselves obtain from microfinance institutions.

From Table 9, item 4, 68% of the respondents agree that, women use loans as household resources instead of resources for the business enterprises. Also, 96% of the respondents agree that, women lack managerial skills to manage their business enterprises supported by credit (Table 9, Item 5). That is why they use microfinance loans as resources for the household instead of business enterprise. This implies that even when financial resources are made available to women they either misuse or mismanage the resources. It is clear at this point that, availability of small loans to the women do not enhance their abilities to exercise control over



its usages. Majority of the women on a microcredit loans even lack managerial skills over the management of their business enterprises (Goetz and Gupta, 1994). According to Tamale Metropolitan Assembly, when women set up their own business enterprises they end up handling the control and management of the business resources to their husbands or close family relative (TMA, 2010). From the views of the respondents and the analysis above, one can suggest that women using credit as additional household resources and lack of managerial skills are problems of women empowerment in the Tamale Metropolitan area. One woman even lamented that, whenever she goes for the loan, her husband will take half of the loan, her husband will take half of the loan for the household expenditure and the remaining half will then be used for her business. This makes loan repayment very difficult for her and she sometimes has to go out to friends or family relatives to borrow in order to repay the loan. So for her, empowerment through microfinance is only a mirage but not reality. In addition, majority of the respondents complain that they are illiterates, and they cannot read nor write. So basic records keeping on their business transaction is a problem to them. Best management practices require that, records on business transactions should be kept at all times. They complained since they cannot keep any records on their business transaction they may not be able to measure properly the impact of loans on their business enterprises.

On marital issues, Table 9, Item 6, 84% of the respondents agree that, Marriage affects their ability to manage their own business enterprises supported by credit. In some societies women are forbidden from undertaken economic ventures for



cultural reasons, even if they do, is only an extension of their domestic activities (Kabeer, 1999). In other jurisdictions, women are not even allowed to show open leadership (Kimos, 2010). Furthermore, marital duties and other household activities take more of the women's time and it thus affects their ability to manage their business enterprises supported by credit. Marriage is a socio – cultural practice and majority of the respondents are married women. This pre – supposes that marriage as a socio – cultural practice has positive and negative effects on women empowerment.

According to Kimos Adjei, cultural beliefs and practices determine the norms, values, the dos and don'ts as well as the interests of the people. A cultured people can tend to hold positive or negative evaluative tendency towards women empowerment. The fact is that, people see things differently as they operate and live in different places. Whiles the European leadership style allows women to show opened leadership, some Ghanaian cultures and religions such as Islam do not support opened leadership for women (Adjei, 2010). The responses gathered from the women have a direct link with Kimos Adjei's assertion and the effect is that unmarried women is more likely to better manage their businesses than married women. On the bases of the above analysis, it can be suggested that, socio-cultural practices such as marriage is a big problem to women empowerment in the Tamale Metropolitan area.

In resolving the high interest rate issue as a problem to women empowerment, respondents who were clients of the microfinance companies suggested that high



interest rates on micro credits and small loans in order to cover their operational cost and to sustain the schemes, but disagree high interest rates on loans. They suggested that the period for repayment of the loan for first timers should be increased from six to twelve

When the respondents were to provide probable solutions to the issues of lack of controls over decision making regarding the use of credits, they acknowledge that lack of control over decision making regarding the use of credits could be resolved through advocacy and building the capacity of the women. It was also suggested that husbands of those women should be made to appreciate and understand through sensitization the need to respect the rights and liberties of their wives. Other suggestions for resolving the lack of controls over decision making include: education, training and public for a.

When the respondents were asked to suggest solutions to the problems of the misuse of loans as household resources instead, of resources for the business enterprises. And also, women's lack of managerial skills to manage their business enterprises supported by credit. They suggested that women should be assessed well to ascertain their intentions before granting the loans to them. Besides, they proposed that strict conditionalities be attached to the loans such that loan taken cannot be used for anything apart from the business activities. They acknowledge that most of them are unlettered, they are not all that worse off when it comes business management. However, they will be more grateful if refresher courses on business management could be organised periodically for the women. For them,



this may prevent the incidence of the misuse of loans as household resources instead of resources for the business enterprises.

Finally, when the respondents were asked to suggest solutions to the effects of marital issues on the management on their own business enterprises supported by credit. They admitted that, marriage is a socio – cultural tradition and for the fact that majority of them (respondents) found themselves in marital homes has its own challenges on their lives and the business enterprises as well. So they suggested that since majority of them are Muslims and Christian, religious sermons on the need for marriage couples to help one another will be useful. Religious sermons are important instrumental malams and pastors use to shape the character of their congregations. Preaching women empowerment through these sermons will be useful channel for women empowerment in the Tamale Metropolitan area of Ghana.



CHAPTER FIVE

SUMMARY, CONCLUSION AND RCOMMENDATIONS

5.0 Introduction

In the previous chapter, the data collected for this study was reported, analysed and discussed. In this last chapter, a summary is made, conclusions are drawn and recommendations offered.

5.1 Summary

The study assessed the extent to which empowerment of women through microfinance were addressed in the Tamale Metropolis. It was conducted with 125 respondents (women clients) in four (4) microfinance institution consisting Bonzali Rural Bank, First National Savings and Loans Company Limited, SS Microfinance Company Limited and Dahinshali Microfinance Company Limited. The questionnaire which is made up of close and open – ended items was used to solicit information from respondents.

The study centered on four main areas, namely: the role microcredit plays in the empowerment of women, contribution of microcredit and micro – savings towards income generation, the impact of small loans on micro – business enterprises and the problems of microfinance client especially women institution. The findings of the study were the following.

1. The provision of microfinance services such as microcredit to women, availability of microcredit to women, accessibility of microcredit to women, capacity building of women to contribute to the household well –



being, participation of women in decision making regarding the use of credit and training of women groups in basic business management strategies and records keeping were identified as important roles in the empowerment of women in Tamale Metropolitan area.

2. The growth and expansion of the business enterprises owned by the women were found to be results of the impact of microfinance services. Beside, small loans also help the women to invest in other business enterprises thereby helping the women to make more returns or profit. It was observed that microcredit provides employment opportunities to women and this contribute to income generation. Micro savings with the microfinance institutions provides an opportunity for the acquisition of small loan. This was manifested when nearly 87% and 96% of the respondents asserted microcredit provides employment opportunities and contributes to income generation.
3. In addition, it was observe that regular savings with the microfinance institution provides an opportunity for the acquisition of susu loans. This was supported by 90% of the respondents.
4. Problems the respondent identified were high interest rates, lack of control over the use of credit, misuse of credit as household resources, and lack managerial skills.
5. It observed that, women inform their husband before taken the loan. Marriage affects their ability to manage their own business enterprise supported by credit.



5.2 Conclusion

The following conclusions are drawn from the findings of the study.

1. Availability and accessibility of microfinance services to women play an important role in women empowerment.
2. It was observed that, microfinance services build the women capacity to contribute to the household well-being.
3. Women participate in decision making regarding the use of credit in their business play an important role in women empowerment through microfinance.
4. Training of the women groups in basic business management strategies and records keeping all an important role in empowering women.
5. Microcredit and micro savings provide the following opportunities to women: employment, small loans and income generating activities. All these empower the women.
6. High interest on microcredit, lack of control over the use of credit, misuse of credit as household resources instead of resources for the business enterprise, and lack of managerial skills were found to be the problems of women empowerment through microfinance.
7. It was observed that, women seeking their husbands' consent before taken the loan facilities were one of the problems of women empowerment through microfinance in the Tamale Metropolitan area.



8. The effects of the women's ability to manage their own business enterprises supported by credit were found to be part of the problems of women empowerment through microfinance

5.3 Recommendations

The following recommendations are drawn from findings of the study.

1. It is recommended that microfinance services such as small loan and micro – savings should be made availability and accessibility to all women by the microfinance institutions in collaboration with Ghana Microfinance Institution Network (GHAMFIN) and Tamale Metropolitan Assembly.
2. It is also recommended that, periodic training workshops should be organized by Ghana Microfinance Institution Network (GHAMFIN) in collaboration with ARB Apex bank in order to build the women's capacity to contribute to the household well-being and to be trained how to utilize credit.
3. Increased participation of women in decision making regarding the use of credit led to women empowerment. It is recommended for the First National Savings and Loans Company Limited, Bonzali Rural Bank Limited, SS Microfinance Company Limited and Dahinshali Microfinance Company Limited to always involve women on microfinance loans in decision making concerning their operations.
4. Microcredit and micro savings provide an opportunity for the women to be self-employed and generate their own income leading to women empowerment. It is recommended for the microfinance institution in the



8. The effects of the women's ability to manage their own business enterprises supported by credit were found to be part of the problems of women empowerment through microfinance

5.3 Recommendations

The following recommendations are drawn from findings of the study.

1. It is recommended that microfinance services such as small loan and micro – savings should be made availability and accessibility to all women by the microfinance institutions in collaboration with Ghana Microfinance Institution Network (GHAMFIN) and Tamale Metropolitan Assembly.
2. It is also recommended that, periodic training workshops should be organized by Ghana Microfinance Institution Network (GHAMFIN) in collaboration with ARB Apex bank in order to build the women's capacity to contribute to the household well-being and to be trained how to utilize credit.
3. Increased participation of women in decision making regarding the use of credit led to women empowerment. It is recommended for the First National Savings and Loans Company Limited, Bonzali Rural Bank Limited, SS Microfinance Company Limited and Dahinshali Microfinance Company Limited to always involve women on microfinance loans in decision making concerning their operations.
4. Microcredit and micro savings provide an opportunity for the women to be self-employed and generate their own income leading to women empowerment. It is recommended for the microfinance institution in the



Tamale Metropolitan area to established more credit and saving schemes capable of providing affordable credit and savings opportunities for women in the Tamale Metropolitan area.

5. High interest rates on microcredit, lack of control over the use of credit, and lack of managerial skills were observed, to be the problems of women empowerment through microfinance in the Tamale Metropolitan area. It is recommended that, microfinance acquired by the women. Again, microfinance institutions in collaboration with non-governmental organisation (NGOs) should also consider designing 'microcredit with functional literacy scheme' with the explicit goal of integrating microcredit with functional education. This will equip the women with basic skills and knowledge of how to manage their business enterprises supported by credit.
6. It was observed that, women seeking their husbands' consent before taken the loan were one of the problems of women empowerment through microfinance. It is therefore recommended that, Women and Children Department in the Tamale Metropolis under the Ministry of Women and Children's Affairs should collaborate with the microfinance institutions to sensitise women on the need to believe in themselves and be independent minded. Normally, majority of women lack self-confidents. This is an opportunity for the women to build self-confidence. This is an opportunity for the women to build self-confident and be bold to seek any form of



empowerment including microcredit, without necessarily seeking the consent of their husbands.



References

- Ackerly, K. (1995). Poverty and the poor in Pacific Asia. Finland Publication Ireland.
- Adjei, K. (2010). Microfinance and poverty reduction, the experience of Ghana Assembly Press. Accra.
- Al-Hassan, S. (2011). Is Micro Finance a Viable Strategy for Empowering Women? A Review of Some Selected NGO Programmes in Africa. Ghana Journal of Development Studies. 8(2), 72.89
- Annin, S. (2000). Banking in Ghana, Faculty of Political Science, University of Ghana, University Press. Accra
- Anshu, M. (2002). Gender, Caste and Religious identified: Restructuring class in Colonial Punjab, Oxford. London
- Asia – Pacific Perspectives, (2003). Annual Bulletin on Asia – Pacific economy: Bangladesh institute of Development Studies (BIDS) “The Allocation of women’s resources in Bangladesh. Sussex. Bangladesh
- Bank of Ghana, (2000). Economic Recovery Programme in Ghana; Milestones so far. Government Press. Accra.
- Blood, A. and Wolfe, C. (1996). Gender and poverty in modern day. Oxford London.
- Burning, E. (2004). Microfinance and microcredit success story, women make the difference. Development Bulletin. London School of Economics. London
- Cheston, S. and Kuhn, L. (2002). “Empowering women through microfinance, a route to poverty reduction. UNIFAM. London.



Commission on Human Rights and Administrative Justice (CHIRAJ) (2010).

Annual report on human rights violation. Government Press, Tamale.

Consultative Group to Assist the Poor (CGAP) (2005). The history of Switzerland and Microfinance and microcredit. City press. Geneva.

Celestina, M. (2009). Women and microfinance, route to poverty reduction
Oxford. London

Electoral Commission of Ghana, (2010). District Assembly Election. Electoral
Commission, Accra.

Ellis, F. (2000). Rural livelihoods and diversity in developing countries. Oxford.
London.

Ghana Microfinance Institution Network (GHAMFIN) (2007). Annual report on
Microfinance activities in Ghana. GHAMFIN. Accra.

Ghana Statistical Service (GSS) (2010). Who takes the credit? Gender, power and
control over loan use in rural credit programmes in Bangladesh World
Bank. Bangladesh.

Greg, T. (2003). History of microfinance. Lifeline publication. Sydney.

Hashemi, S.M, Schuler, S.R and Riley, A.P. (1996). Rural Credit Program and
women's empowerment in Bangladesh', World Bank. Bangladesh.

Hunt J. and Kasynathan, N. (2001). Pathways to Empowerment in south-east
Asia. Cambridge. New York.

International Labour Organisation (ILO) (2002). Microfinance in industrialized
countries. Helping the employed to start business, ILO-London: Milbank
Tower, London.



- Isaac, K, A. and Alexander, K, A. (2010). The role of microfinance in empowering low income women in Takoradi. Assembly press. Accra.
- Islam, T. (2006). Microcredit and poverty Alleviation. Aldershot: Ashgate.
- Johnson, S. and Rogaly, W. (1997). Microfinance and poverty Reduction Oxford. London.
- Kabeer, N. (1999). Can buy me love? Re – evaluating the Empowerment impact of Lending to women in Rural Bangladesh. World Bank. Bangladesh.
- Kabeer, N. (2009): Women's economic empowerment: Key issues and policy options, Sida background paper Sussex. Institute of Development Studies, Bangladesh.
- Kerr, S. (2002). Women and microfinance. Institute of Development Studies, Bangladesh.
- Khandker, S.A. and Pitt M. (1998): fighting poverty with micro credit: experience in Bangladesh. Oxford University Press, New York.
- Kumar, R. (1999). Research methodology: A step-by-step guide for beginners. Sage Publication Ltd, London.
- Microcredit Summit, (2005). State of the microcredit summit Campaign report 2005. (Online): [www. Microcreditsummit.org/declaration.htm](http://www.Microcreditsummit.org/declaration.htm).
- Mayoux, R. (1997). A poverty of agency: resource management amongst poor People in Bangladesh. Bath: University of Bath. Centre for development studies. Bangladesh.
- Mayoux, L. (1999). Questioning virtuous spirals: microfinance and women's empowerment in Africa. Journal of International Development Accra.



Mayoux, L. (2002). Microcredit and women's Bulletin. Saga publication ltd.

London

Microfinance and small loan centre (2010). Annual report on credit administration in the northern Ghana. Government press. Accra.

Moseley, P. (1996). Finance against poverty, volumes 1 and 2. Rout ledge publication, London.

Narayan, D, Chambers, R. Shah, M.K and petesch P. (2000). Voice of the poor: crying for change. Oxford University. New York.

Navajas, M. (2000). Microcredit and the poorest of the poor. Theory and evidence from Bolivia, world development. Vol. No.2, Oxford University Press. London.

Osmani, L. (2007). A breakthrough in women's bargaining power: the impact of microcredit. Journal of international development. Bangladesh.

Rahman, A. (1999). Women and microcredit in rural Bangladesh. Westview press. London

Robinson, M. (2010). The microfinance revolution volume1: Sustainable finance for the poor. World Bank, Washington DC.

Sengeeta, A. (2010). The impact of microfinance on rural Indian women pujanb Press. India

Sarandakos, E. (2004: 137). Statistics for Social Research. Cambridge university press. New York City.

Swain, R,S. (2008). Microfinance and poverty reduction in the Mekong Delta in Vietnam. African and Asian studies Institution. Vietnam.



Tamale Metropolitan Assembly (TMA) (2010). Medium term development plan.

Tamale Metropolitan Assembly, Tamale.

UNDP, (1999) Success so far, MDGs in the world economy, progress report

World Bank. Geneva.

United Nations (1995). Beijing Declaration platform for action: fourth world conference on women. United Nation. Beijing.

United Nations (1995). Role of microcredit in the eradication of poverty: report of the Secretary General. United Nation, New York.

United Nation, (2000). Microfinance and poverty eradication: strengthening Africa's microfinance institution. United Nation. New York.

United Nation. (2005). Concept paper: building inclusive financial sectors to achieve the millennium development goals, year of Microcredit. United Nations. New York.

United Nations. (2005). Address of General Assembly. United Nation. New York.

Woller, K. (1993). Non – governmental organizations and the state in Africa: rethinking roles in sustainable agricultural development. Oxford, London.

World Bank (1998). Country brief's Washington D.C: University annual magazine compilations. California. USA.

World Bank-Africa region (1999). Studies in rural and microfinance, financial services for women entrepreneurs in the informal sector of Ghana, World Bank. New York.

World Bank, (2002). Integrating gender into the world Bank work: a strategy for action. Washington D.C. USA.



World Bank (2004). Rural and microfinance regulations in Ghana: implications for development of the industry. World Bank. New York.

Yunus, M. (2001) foundation of Grameen Bank. Oxford University press. London.

Yunus, M. (2000). Women and microcredit in Bangladesh. Grameen Bank, Bangladesh.

Yunus, M. (2003). Extending microcredit out-reach to reach the millennium development goals. Some issues for attention. Dakar, Bangladesh.

Yunus, M. (2004). Grameen Bank, Microfinance and Millennium Development Goals. Economic and political weekly. Bangladesh.



APPENDIX A

QUESTIONNAIRE FOR RESPONDENTS

EMPOWERMENT OF WOMEN THROUGH MICROFINANCE

You will be contributing effectively to the success of this study if you answer these questions as objectively as you can. Your information will be treated as confidential. You are assured of utmost secrecy and confidentiality regarding any information given or answer to the questions in the questionnaire.

PERSONAL DETAILS

1. Age
2. Gender: Female (f)
3. Religion: Islam [☐] Christianity [☐], Others Specify.....
4. District.....Region.....
5. Nationality: Ghanaian [☐] Others Specify.....
6. Are you a member or have ever been a member of any microfinance

Institution? Yes or No



The role of microfinance in empowering women

Statement	agree %Yes	Disagree %No	Remarks
7. Do you agree that the provision of microfinance service should be encouraged?			
8. Do you think that microcredit should be made available to all women in the Metropolis?			
9. Do you agree that microcredit should be made available to all women in the Metropolis?			
10. Do you agree that microcredit builds the capacities of women to contribute to the household expenses such as education, health and nutrition?			
11. Do you agree that women should be discouraged to take control of decision making regarding the use of credit?			
12. Do you agree that women groups on microfinance loans should be trained on basic management strategy and records keeping?			



Impact of small loans on micro – enterprise

Statement	agree %Yes	Disagre e %No	Remark s
<p>13. Do you feel the impact of microfinance services such as small loans and micro-saving on your business?</p> <p>14. Do you use credit to grow and expand your business enterprise.</p> <p>15. Does microcredit help your business enterprise make more profit or returns.</p> <p>16. Do you agree that small loans help you invest in other business enterprise?</p> <p>17. Do you agree that small loans given to the owners of micro-enterprises who are women should be discouraged</p> <p>18. Do you agree that access to small loans have positive impact on your business enterprise?</p>			



Contribution of microcredit and micro-saving towards self-employment and income generation

Statement	agree %Yes	Disagree e %No	Remarks
19. Do you agree that microfinance contribution to self-employment and income generation.			
20. Doe agree that microcredit provides employment opportunities to women who acquire loans?			
21. Does constant saving with the microfinance institutions contribute to income generation?			
22. Do you agree that micro savings with the microfinance institutions provides an opportunity for the acquisition of small loans?			
23. Do you feel empowered if you have access to small loans.			



Table 10: Problems of women empowerment through microfinance

Statement	agree %Yes	Disagree %No	Remark
24. Do you have control over the decision making regarding the use of credit?			
25. Do you use loans as household resources for family expenses?			
26. Do you use loans obtained from microfinance companies for other purpose order then expansion your business?			
27. Do you need to inform your husband before taking the loan?			
28. Does lack of managerial skills affect your ability to manage your business enterprises supported by credit.			
29. Does marriage affect your ability to manage your business supported by credit?			

U D S
FACULTY OF EDUCATION
LIBRARY



APPENDIX B

Some Responses to open – ended items

This Appendix is in two parts. Part (A) is some responses to the problem stated by the respondent while part (B) is some responses.

Some problems stated by the respondents on the empowerment of women through microfinance institution

1. We lack control over the use of credit
2. There is high interest rate on loans
3. We do not have sufficient time to repayment the loans
4. We lack control over the use of credit
5. Women are subjected to the control of our household
6. Misuse of the loan resources among us.
7. We lack managerial skills and competence to manage our business.
8. High illiteracy among poor women.
9. Inadequate time to attend group meetings as a result of heavy household activities.

Resolving the women empowerment challenges (Part B)

1. Interest rates on microcredit and small loans should be reduced.
2. The period for repayment of the loan for the first loan timers should be increased from 6 to 12 months.
3. On the issue of lack of control, they suggested that advocacy on women's rights should be intensive.