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**The Role of Microfinance in the Empowerment of Women**  
An Example of Sinapi Aba Trust, Offinso Branch-Ghana

**Master's Thesis in Development Management**

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## ABSTRACT

Disempowerment among women due to certain cultural practices has been one of the main barriers to development in developing countries. It is a problem that developing countries governments cannot solve alone because of its financial implications. This as a matter of fact has necessitated the private sector or non governmental organizations to intervene in solving this problem. One of the means found to be effective is the use of microfinance and it is believed that with microfinance women can achieve some level of empowerment in their lives.

The study aims at finding out whether there is a possible causal relationship between elements of SAT and the empowerment of women. SAT is chosen because it is a non governmental organization in Ghana that deals in microfinance in all the ten regions of Ghana. The Offinso branch is also selected because it has clients who are two years and above.

Focus group discussions and an interview with women beneficiaries and loan officers of the Branch was carried out to find out whether there is really a possible correlation between access to microfinance and the empowerment of women. First of all, a brief introduction to the study is given, the general concept about microfinance and the conceptual framework to be used is narrated.

In the findings and analysis it was realized that access to microfinance has effect on the individual, household/family, community and enterprise levels of beneficiaries. In that some were able to increase their savings level, diversify their business, and improve upon the living standards of their household.

Notwithstanding these, the women complained about the group loans which seem to be the main product that the branch gives to them. It was therefore concluded that effort should be made to give the women more individual loans and faction out specific products that will meet/address the specific needs of these women.

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## DECLARATION BY CANDIDATES

**DECLARATION:** “We hereby declare that the thesis: **The role of Microfinance in the empowerment of women. (An example of Sinapi Aba Trust, Offinso Branch-Ghana** has not been submitted to any other universities than Agder University College for any type of academic degree.”

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## **LIST OF ABBREVIATIONS**

ADITO = A Drop in the Ocean.

BOG = Bank of Ghana.

BPFA = Beijing Platform for Action.

BRI = Bank Rakyat Indonesia.

CGAP = Consultative Group to Assist the Poor.

CEDAW = Convention on the Elimination of Discrimination against Women.

ERP = Economic Recovery Programme.

GPRS = Ghana Poverty Reduction Strategy.

GDP = Gross Domestic Product.

IFAD = International Fund for Agriculture and Development

NGOs = Non Governmental Organisations.

OI = Opportunity International.

PNDCL = Provisional National Defence Council Law.

SAP = Structural Adjustment Programme.

SAT = Sinapi Aba Trust (Ghana).

SEEP = The Small Enterprise Education and Promotion.

SHG = Self-Help Group.

S&L = Savings and Loans.

SMEs = Small Micro Enterprises.

UNDP = United Nation Development Programme.

UNIFEM = United Nations Fund for Women.

USAID = United States Agency for International Development.

WEDTF = Women's Entrepreneurship Development Trust Fund (Tanzania).

WHO = World Health Organisation.

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Appendix 1: Questionnaire for women beneficiaries

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Appendix 3: Questionnaire for Focus group discussion



# CHAPTER ONE

## INTRODUCTION

### 1.0 BACKGROUND

Empowerment of women has been one of the topical issues in developing countries in contemporary times. This is due to the fact that it has been realized that for women to make meaningful contributions towards the development of their countries, they must be empowered. Opinions have been somehow divided as to the measures that can be put in place to ensure that women reach some level of empowerment. There has therefore been no consensus as to the meaning of the word empowerment.

For women to be classified as empowered, some people have alluded to the fact that they must exhibit certain behavioural changes at the individual, family/household, enterprise and community levels (SEEP, 2004). Therefore it is generally believed that if women exhibit behavioral changes such as increased in savings, increased participation in decision making in the household and at the community level, diversification of their business activities (development in entrepreneurial activities), improvement in the living conditions of their household and the like, it is assumed that they have been empowered.

Beside these in the 1990's most donor agencies were of the view that to reduce the poverty levels and empower women in developing countries an important development intervention was to provide them with microfinance. As stated by Mayoux (2005) "micro-finance programmes targeting women became a major plank of donor poverty alleviation and gender strategies in the 1990's." Also as argued by Bayes (2006) micro credit programmes saw the empowerment of women as a means to poverty alleviation. It has therefore become imperative that for women to be empowered the enabling condition (access to finance) should be provided for these women and the stumbling blocks (such as collateral security) removed.

In most developing countries, as a result of the social setting women have been marginalized and traditionally they assumed the role of house wives and had to take care of household chores and the upbringing of children while the men went out to work in order to provide financial assistance for their families. Women did not therefore take part in the decisions affecting their households and community.

Ghana is no exception, women depended on their husbands to take care of the entire nuclear family and in some cases part of the extended family as well. This situation is however changing in recent times due to the upspring of microfinance institutions. Most women are now involved in the up keep of the family by engaging in some form of economic activity.

Though there are some changes taking place, Ghanaian women are still faced with the challenge of getting financial assistance. While assessing finance in developed countries in the form of insurance premiums, mortgages at reasonable rates, abundant consumer credit and the like (The Economist 2005:3) is not much of a headache, it is quite the opposite in Ghana.

This difference is mainly due to the fact that most women in Ghana are very poor and therefore do not satisfy the demands of the traditional banks such as saving with these banks before securing a loan among others. Also as a result of the social setting most women in Ghana do not own properties which they can use as collateral when the commercial Banks demand it. They therefore tend to fall on family members and friends for loans which are either inadequate or at higher interest rates. Also like other women in developing countries, goods and services which they buy on credit are also expensive as it is always expensive to purchase on credit than to pay in cash (CGAP 2003).

This has led to emphasis being placed on the need to establish financial systems such as microfinance institutions that are able to reach these poor women on a more sustainable basis other than the previous ones which have been discredited. This is because microfinance institutions have some techniques that they use such as the use of group guarantees, compulsory saving mobilisation, transparency of credit transactions, intensive supervision of borrowers and decentralisation and cost-effective operations” (McGuire and Conroy, 2000:2), which tend to facilitate the women’s access to credit for their businesses.

However what must be realised is that the provision of credit is not only a financial intermediation but it also has its social intermediation (Bayes, 2006). This is due to the fact that some critiques are of the view that provision of credit to poor women could change the social status of these women in the locality they live. For instance it is assumed that they will be able to improve upon their income level and will be able to make choices in their everyday life such as sending their children to school, improving upon the family nutrition, participating in community activities, improving upon their businesses and so on.

According to a study carried out by (ESCAP, 2002) cited in (Kay, 2002: 71) during the Asian economic crisis self help microcredit served as an important intervention since “a high proportion of funds made available for self-help microcredit schemes were utilized by women, enabling them to meet the subsistence needs of their families”. It has also been realized that many self help credit schemes incorporate in their programmes savings schemes which the women can fall on in times of emergencies (Kay, 2002:71).

Again as argued by Skarlatos (2004:24) microfinance institutions provide other services such as business training in terms of basic accounting, bookkeeping, introducing their clients to new business opportunities and so on. This has helped in the business management and development of their women clients by helping them increase the supply and quality of products they offer for sale and diversify their products.

Access to Microfinance is also associated with facilitating women’s participation in decision making in the household. For instance according to Ashe and Parrott (2001) cited in ADITO (2005) the women’s empowerment project in Nepal has shown that 68% of its clients has increased their decision making power in terms of buying and selling property, family planning, sending their daughter’s to school, negotiating their

children's marriage – all these decisions were traditionally performed by their husbands.

In addition to these, several studies have shown that women in microfinance groups play a major role of giving advice within their communities, participate in community meetings, organise for social change. They have been able to do this due to their ability to contribute financially to the community as a result of the capital that they have gained from microfinance institutions (ADITO 2005).

However not all people share this view since they are of the opinion that although a marginal increase in income could have an impact on the economic and social well being of the women, the increase could be so little to have effect on entrenched political and economic relations (Bayes, 2006).

In this thesis we will discuss the causal relationship between elements of Sinapi Aba Trust (our study organization) a non governmental organisation and the empowerment of women. This is because most developing countries governments are over burdened with the problem of inadequate resources and interventions by the private sector are playing a major role in these economies.

## **1.1 MAIN OBJECTIVE OF THE STUDY**

The main objective of this study is to gain a deeper understanding of the causal relationship between SAT schemes and women empowerment. This will involve finding out elements of the SAT scheme that might be of importance for the empowerment of women and how these elements really affect women beneficiaries.

### **1.1.1 SUB OBJECTIVES**

- To identify the relation between the SAT scheme and the current role of women in decision making in terms of feeding, clothing, school fees of their children among others and community decision-making.
- To investigate the access to loan and women beneficiaries' savings habits and investment decisions.
- To investigate elements of the SAT scheme and control over economic resources
- To identify the relationship between SAT scheme and the current participation of women beneficiaries in community activities and development
- To identify elements of SAT scheme such as consulting, business training and research services and its effect on business management and decisions.
- To find out the relationship between the SAT scheme and changes in the living conditions and welfare of beneficiaries.

## **1.2 OUTLINE OF THE THESIS**

This thesis is made up six chapters, chapter one is mainly concerned with the rationale and background to the study. Chapter two deals with the theoretical framework which is made up of general information on microfinance and its impact on women, a general idea of the concept of empowerment and the conceptual framework used for the analysis of the study. Methodology and research methods are discussed in chapter three with a presentation of the general findings in chapter four which talks about changes in the living standards of beneficiaries, increased in savings and the like. Chapter five focuses on discussions of the main findings. The conclusion which is presented in chapter six, talks about the need for SAT scheme to come out with specific products that will meet the needs of women in Offinso.

## **CHAPTER 2**

### **THEORETICAL FRAMEWORK**

#### **2.0.1 THE CONCEPT OF MICROFINANCE**

Micro finance is defined as a way in which very poor families are provided very small loans (micro credit) to enable these families engage in productive activities or expand their already existing small businesses (Gateway, 2006). Robinson (2000) also defines it as “small-scale financial services-primarily credit and savings-provided to people who farm or fish or herd and who operate small enterprises or micro enterprises where goods are produced, recycled, repaired or sold, who provide services; who work for wages or commissions; who gain income from recycling out small amounts of land, vehicles, draft animals or machinery and tools and to other individuals and groups at the local levels of developing countries both rural and urban”.

Microfinance has its client’s base made up of low income persons who do not have access to formal financial services. These people are normally self-employed and often house-based entrepreneurs. They can be found both in rural and urban areas. In rural areas they are made up of small scale farmers and other people who are engaged in low income activities such as food processing and petty trading. Whilst in the urban areas they are involved in diverse activities such as shop keeping, service provision, street vending among others. In actual sense these clients are the poor and the vulnerable poor who have relatively stable source of income (Gateway, 2006).

Generally access to formal conventional financial institutions is dependent on the income level of the person. This means that the poorer the person the less likely the person will get access to funds from these institutions. This may be due to the fact that the conditions of accessing money at these institutions may not be conducive to these people. Therefore these people who tend to be under served or excluded turn to Microfinance institutions for their financial needs. Those who advocate for microfinance see it as a powerful instrument for self-empowerment, in the sense that it can enable the poor especially women to become economic agents of change (Gateway, 2006).

#### **2.1.0 MODELS OF MICROFINANCE**

There has been the proliferation of various microfinance institutions for quite some time now. It is also worth noting that most of them have resorted to different models in the disbursement of loans to the poorest of the poor who are their client. Some of these are the Grameen (Group Guarantee lending) model, the village bank model, the self-help group model, credit unions and the rural financial system approach.

##### **2.1.1 The Grameen (Group Guarantee Lending) Model**

This model initially developed in Bangladesh has been widely adopted in various countries in the world irrespective of their cultural, physical and institutional settings. With regards to this model, before the poor women who are target of this service are

selected, they must go through some form of test by the organization offering the service. In addition to this, the education of the women is carried out by the organization as to their products and services (McGuire and Conroy, 2000:5).

This model is widely favoured because it leads to a situation where small amounts of money are made available to large group of people who are poor and do not have any form of collateral. With this model members organize themselves into groups consisting of about four to eight members, who guarantee each other's loans. The disbursements of loans to these poor take various forms. For instance there are situations where the loans are given to the group as a whole for them to share and also in some cases other members of the group take their turn first in accessing the loans whereas the others in the group take their turn in the subsequent disbursement (Binns, 1998).

A major condition attached to this model is that the group must save with the organization from which they are accessing the loans. This saving serves as a form of collateral. However in situations where the groups default in the payment of the loans due to the inability of a member fulfilling its obligation, the group is penalized by not being allowed to borrow again. This means that other members shoulder the responsibility of members who are not credit worthy. This makes the risk of non payment in this model transferred to members other than the institution lending the money as a result of their joint liability (Binns, 1998). In such situations the group members become overburdened thereby worsening their situation.

With respect to this model, members normally meet once in a week in order for them to submit their contributions and also to meet the staff of the loan organization (McGuire and Conroy, 2000:5). A problem associated with this model is that as a result of the responsibility on the group in terms of defaulting of loans, some members of the society who are in dire need of financial assistance (who may be considered risky) will be excluded by other members for fear that they might not be able to repay their loans. This leads to a situation where the credit worthiness of a member is determined by the group members other than the institution lending the money (Binns, 1998).

### **2.1.2 The village Bank Model**

This model is mainly practiced in Latin America and Africa, although the total outreach is a fraction of the Grameen model. With this model the “implementing institution organises individual village banks with 30-50 members, and provides a loan for on-lending to individual members (the external account)” (McGuire and Conroy, 2000:5). As stated by Nelson et al, (1996:5) cited by Binns (1998) the main reason for this scheme was “to organise informal banks which could use a line of credit from a financial intermediary to provide non-collateralized loans to members, a place to invest savings and promote social solidarity”. These individual loans are repayable within sixteen weeks on a weekly basis. After which the village Bank is required to pay the loans in addition to interest accrued on the loan to the implementing agency (McGuire and Conroy, 2000:5).

A condition associated with this model is that the bank qualifies for a second loan if it is able to pay for the first one in full, however the size of the loan will be dependent on the amount of money members have been able to save. This process is a continuous cycle. As a result there is pressure on members to repay their loans in order for the bank to qualify for subsequent loans. Aside this, the bank can lend members' savings (the internal account). It is assumed that at the end of three years the bank should have accumulated enough for it to be able to 'graduate', with its internal account enough to meet members' credit needs. The main aim of this model is to come out an autonomous institution in the long term (McGuire and Conroy, 2000:5).

A major obstacle to the development of village banks in "rural areas" in building the trust and solidarity of its members is that, most of their members tend to leave the organisation (for reasons best known to themselves). Also as a result of low levels of education, not all the members of the organisation have the same controlling effect over the organisation. They sometimes tend to require prior literacy training and in situations where clients are from different backgrounds, the dominant group tends to abuse the others (Binns, 1998).

### **2.1.3 The self-help Group (SHG) Model**

This model which is less structured is very noticeable in India. It has some basic characteristics like the Village Bank and it is generally constituted of twenty members. With this model members pull their resources together and then go on to lend the savings that they have accumulated to their members. Also in order to supplement their resources they fall on external services. Since the savings are accumulated by the members themselves, they determine the terms and conditions of loans to members.

Aside the provision of microfinance, this model is also associated with the provision of other social intervention in areas such as health, education among others (McGuire and Conroy, 2000:6). Some also provide business development and skill training to their members. This ensures that the women are able to use the credit to their advantage (Gobezie, 2006:6). Although a number of Non governmental organisations are involved in promoting and motivating self help groups, the ultimate aim of SHG is to become autonomous in future.

Also "some NGOs operate as financial intermediaries, whilst others confine themselves to social intermediation seeking to link SHGs to regulated banks or other funding agencies" (McGuire and Conroy, 2000:6). A major problem associated with this model is that as a result of its loose structure it is difficult to maintain a high standard of performance and spread its services (McGuire and Conroy, 2000:6).

### **2.1.4 Credit Unions**

Another model is credit unions which are non- profit co operatives which are owned and governed by their members. The main purpose of these unions is to "mobilize savings and provide loans for both productive and provident purposes" (McGuire and Conroy, 2000:6). Membership is mainly made up of people who have common

affiliations such as employment, geographic location and the like. Credit unions operate in many rural areas in most developing countries with its membership mainly made up of the poor and low income household. There is generally an apex body that monitors their financial performance. In terms of the success story of rural credit union in developing countries mention can be made of a country such as Sri Lanka; however the same can not be said of other developing countries in the Asia- Pacific region (McGuire and Conroy, 2000:6). Since most at times the demand for loans far exceeds the supply of savings, members are normally restricted to a small amount of loan far below what they need. This leads to a situation where the credit needs of their customers are not fully met. However as the saying goes “*half a loaf is better than none*”.

### **2.1.5. Rural Financial system approach**

This system is made up of a number of regulated financial institutions that operate financial services in rural areas. This is mostly practised in Indonesia. With this, mention can be made of BRI which is by far the largest and has a network of *unit desa* (village units). The *unit desa* provide some commercial banking services such as basic deposit and loan facilities on a commercial basis through the use of highly decentralized and cost-effective operations. Their success story lies in the mobilization of savings (McGuire and Conroy, 2000:6). Aside BRI, other rural banks and other small financial institutions operate at the local level. The clientele for these banks are mostly the poor who do not have access to formal financial services (McGuire and Conroy, 2000:6).

## **2.2.0 THE IMPORTANCE OF MICROFINANCE**

The use of microfinance has enormous impact both socially and economically on the individual and the economy as a whole. Microfinance schemes generate some benefits such as self employment among people most especially the poor in society. Due to the job opportunities it provides, most people especially the poor have begun to reduce their family sizes since it has become very difficult to work and take care of many children at the same time. According to Morduch (1999), microfinance enables people, especially women to reduce their family sizes when they become employed. When they are employed and the more children they have, the more costly it becomes to take care of all of them because so much will have to go into educating and providing other necessities. This has called for so many of them advocating for family planning measures, causing reductions in fertility rates. The reduction in infertility rates also means that high population rates will decrease. This then means that governments will spend less on the provision of basic needs for its people and concentrate more on sustainable development.

Microfinance also has a positive relationship with household income and consumption patterns thereby combating poverty. With microfinance at people’s disposal, their incomes increase leading to an increase as well in their consumption patterns. In a study on the Grameen bank by Khandker and Chowdbury 1996 as cited by (Develtere and Huybrechts 2002), it was revealed that the greater loans that participants of microfinance schemes had the lower the incidence of poverty. In the Grameen case for instance, it was revealed that “76% of participants who had not taken loans or only one loan were below the poverty line compared to only 57% who had taken five or more loans”.



The microfinance schemes have the benefit of reducing the vulnerability that their clients have in relation to poverty. The economic and social standing of clients for instance improves rather than becoming worse. It is believed that micro credit schemes does ensure that the situation of members especially the poor do not deteriorate any further (Develtere and Huybrechts 2002).

### **2.3.0 THE RELATIONSHIP BETWEEN MICROFINANCE AND THE EMPOWERMENT OF WOMEN.**

It is generally opined that for women to be considered empowered after participating in a microfinance scheme, they must exhibit some behavioural changes at the individual, family/household, community and enterprise levels as posits by SEEP Network (2004:300). This can be achieved if the women capacities have been improved through the provision of encouraging factors such as the exposure to new activities such as access to credit, business training, and training in social matters among others.

It is generally believed that not only does microfinance empower women economically but also socially within the family. This is because as women are able to access capital and start their own business, it is assumed that their confidence level increases. This comes about as they gain economic independence and security which enables them to contribute financially to their household and community (ADITO, 2005).

Through microfinance poor women are able to expand their businesses and therefore contribute to household income which can have a positive impact on food security, their children's education, manage their household emergencies and plan for their future. Microfinance is therefore seen to be empowering women to become economic agents of change (Gateway, 2006).

It is assumed that access to microfinance enables women to escape domestic violence. This is due to the fact that as the women are able to earn some form of income they are able to flee from such situations since they can cater for themselves. According to a study by WHO cited in ADITO (2005) 23% to 69% of women, depending on the region that they come from have experienced physical or sexual violence from their intimate partners. However a recent study found out that, women who have joined microfinance schemes suffer from less violence than their counterparts who have not (Hashemi et al, 1996) cited in ADITO (2005). For instance as stated by Working Women's Forum (2000) cited in ADITO (2005) 41% of its members who had suffered some form of domestic violence were able to stop it due to personal empowerment and 29% of them were able to stop it through group action.

Also microfinance institutions are not only concerned with the provision of credit facilities but also involved in business training such as basic accounting, bookkeeping, introducing their clients to new business opportunities and the like. This has helped in the business management and development of the women clients by helping them diversify their products, increase the supply and quality of the products they offer for

sale (Skarlatos, 2004:24). This in turn help increase their sales figure and help expand their businesses.

Access to Microfinance is also associated with facilitating women's participation in decision making in the household. If women are able to contribute towards the upkeep of the family, when major decisions are to be taken they are sometimes allowed to voice out their views. For instance according to Ashe and Parrott (2001) cited in ADITO (2005) the women's empowerment project in Nepal has shown that 68% of its clients has increased their decision making power in terms of buying and selling property, family planning, sending their daughter's to school, negotiating their children's marriage – all these decisions were traditionally performed by their husbands.

In addition to these, several studies have shown that women in microfinance groups play a major role of giving advice within their communities, participate in community meetings, organise for social change. They have been able to do this due to their ability to contribute financially to the community as a result of the capital that they have gained from microfinance institutions (ADITO 2005). It must be realised that not only do microfinance institutions train women in business activities; some tend to give the women advice on other aspects of life such as social issues, health issues, how to cater for their family needs and the like. These help equip the women to participate in community meetings.

#### **2.4.0 CRITICISMS OF THE MICROFINANCE SECTOR**

Microfinance has been touted as the panacea for poverty reduction and women's empowerment. However some people have argued against such assertion. Critiques are of the opinion that microfinance does not have ability to reach “the poorest of the poor” of which women form the majority. They say this because they think that due to the service that microfinance institutions provide and some of the conditions attached to them, they are not able to reach the poorest of the poor that they seek to serve. As stated by the United Nations Consultative Group to Assist the Poor (CGAP, 2003) cited in Skarlatos (2004:19) “most microfinance clients today fall in a band around the poverty line and the extremely poor are rarely reached by microfinance”.

Another critic Dale Adams of Ohio State University is of the view that micro credit put client in perpetual debt since it encourages poor households to source for funds which they may not be able to service (McGuire and Conroy, 2000:5). In the same vein others posit that the pressure to repay the loans has resulted in situations where groups tend to exclude the poorest (Hulme and Mosley 1996; Montgomery 1996; Noponen 1990 cited in Mayoux, 1997). This has come about for fear that the poor may not be able to honour their credit.

It has been realised that microfinance alone cannot be considered as enough for the replacement of jobs that are not available, markets that are inaccessible or education and skills that people do not have. There is the view that the main objective of microfinance institutions which is poverty alleviation should be looked at again by giving it a holistic and in-depth understanding of how economic, social and cultural extracts of development process work together. Opponents have made it clear that valuable aid money from fatigued donor agencies have been channeled into

microfinance programmes that are not viable instead of programmes that need money most such as health and education. In short, microfinance will not have much effect on the poor if they do not have good health (Srinivas n.d).

In addition to these, critiquing microfinance as a tool for poverty reduction is Thomas Ditcher, a long time practitioner in the international development industry. He argues that “microcredit is an almost perfect case of a phenomenon that has come to characterize much of development assistance - a widening gap between reality and propaganda.” He is of the opinion that the role of microfinance has been exaggerated in the sense that there has not been a thorough investigation of the overall benefits of microfinance to a person’s quality of life. He argues that the poorest of the poor who by definition need credit the most may not be able to do much with the credit (cited in Paul, 2006).

Beside this, others wonder whether reaching the poorest should be the goal of microfinance institutions. They claim that it is too expensive for both the client and the microfinance institutions if the loans are to reach the poor. They say so because they think that if individuals are given loans and they are not able to pay back, access to loan services and interest rates becomes additional burden on them. In the same way as microfinance institutions are supposed to provide flexible payment rates for the poor, they assert that this becomes quite expensive for these institutions (Skarlatos, 2004:19) because of the strategies that they tend to adopt.

Another critique Gonzalez-Vega emphasised this argument by questioning the goals of microfinance stating that the role of microfinance has been exaggerated. In his estimation the difficulty in expanding the “frontier” of the financial system to include the poor has been disregarded (cited in McGuire and Conroy, 2000:5).

Others are also of the opinion that, although the poor do have a need for financial assistance the need for social services may be of utmost importance to them. The poor usually lack access to food, shelter and sanitation which can not be satisfied permanently with short term loans, they therefore opine that microfinance can be of immense benefit to the poor only if these social needs have been catered for by either a government, or international relief and development organisation (Skarlatos, 2004:20).

Although microfinance has been criticised, it is not to say that microfinance does not have positive impact on the poor in our view. All that is really been stated is that the benefits of microfinance are over rated. For instance according to Ditcher (cited in Paul, 2006) although there have been some evidence that microfinance is beneficial, these benefits are “considerably less than the serious long term economic changes that are claimed for the movement.”

## **2.5.0 WHY SHOULD MICROFINANCE TARGET WOMEN?**

Many women in developing countries do not have access to the traditional financial services due to the fact that they are very poor and therefore do not satisfy the demands of the traditional banks such as collateral, saving with these banks before securing a loan etc. Also women are not able to access the traditional banks due to

prevailing cultural practises (for instance in some societies women are not allowed to own property which can be used as collateral in accessing loans) and high illiteracy rate. There is therefore the need to target women if they are to be empowered to be involved in the development process. Various rational have been propounded as to why premium should be placed on increasing women's access to microfinance services. These are explained below:

### **2.5.1 GENDER AND DEVELOPMENT**

It has been realised through research by the World Bank, UNDP, UNIFEM that gender inequalities in developing countries serve as a deterrent to economic growth and development. The general consensus is that improved gender equality is of enormous importance to any development strategy. Many donor agencies have therefore resorted to microfinance as a development strategy since it has a direct relationship with poverty alleviation and women (Cheston and Kuhn, 2002:7). As argued by Cheston and Kuhn(2002:7) "by giving women access to working capital and training, microfinance helps mobilise women's productive capacity to alleviate poverty and maximize economic growth".

### **2.5.2 WOMEN ARE THE POOREST OF THE POOR**

It has been generally argued that women form a larger proportion of the world's poorest population. For instance according to the 1995 Human Development report, the UN reported that of the 1.3 million people living on less than \$1 a day, 70% were women. In addition to this women constitute a higher percentage of those in the lower paid, unorganised informal sector of most developing economies. There is therefore the need to give priority to women in the access of financial services since they are most disadvantaged in the society if we are to go by these statistics. It is worth noting that women are not always poor but due to weaker basis of their entitlement they tend to be more vulnerable and may therefore have fewer options in terms of escape. If women are given financial assistance to involve themselves in income generating activities through microfinance, their vulnerability to poverty reduces (Cheston and Kuhn, 2002:8).

### **2.5.3 WOMEN SPEND MORE OF THEIR INCOME ON THEIR FAMILIES**

It is generally believed that women spend more of their income on their household than their male counterparts. Therefore if women are given financial assistance which helps them improve upon their income levels, the likelihood of the welfare of their family being improved is assured. Various studies have shown that improvement in the income of women have multiplier effects. For instance according to Women's Entrepreneurship Development Trust Fund (WEDTF) in Zanzibar- Tanzania, increased in women's income is channeled to their children's education, diet, health care and clothing. However it must be noted that not all women will invest in their families with increases in their income levels (Cheston and Kuhn, 2002:8).

#### **2.5.4 EFFICIENCY AND SUSTAINABILITY**

Those who proposed the need to target women give the reasons that women have good repayment records and are also co operative. It is generally believed that as compared to men, women have better repayment rates. In order for the microfinance institution to be efficient and sustainable it must have lower arrears and loan loss rates. Therefore if microfinance institutions are to be sustainable they must target women since they tend to be mostly co operative and have good repayment records (Cheston and Kuhn, 2002:9). In addition to this Mayoux, 2005:7 states that those who argue for “the need to target women are of the view that there is the need to stimulate women’s economic activity as a hitherto underutilized resource for economic growth.”

#### **2.5.5 WOMEN’S RIGHTS PERSPECTIVE**

Equal access to financial resources by women is a human rights issue. In order to reduce women’s poverty they must have access to credit, therefore a variety of human rights instruments have laid emphasis on this. For instance the Convention on the Elimination of Discrimination Against Women (CEDAW) and the Beijing Platform for Action (BPFA) address women’s access to financial resources. It has therefore become incumbent on governments to meet women’s rights (Cheston and Kuhn, 2002:11).

#### **2.5.6 EMPOWERING WOMEN**

Finally it is assumed that if women have access to microfinance it will serve as an effective means to their empowerment. This is due to the fact that if financial resources are put in the hands of women through microfinance institutions, it will help level the playing field and promote gender equality (Cheston and Kuhn, 2002:11).

#### **2.6.0 CONCEPTUALIZING EMPOWERMENT.**

The concept of empowerment has generated much intellectual debate and discourse (Kay, 2002). There has therefore not been a consensus as to the meaning of the word empowerment, leading to a situation where it has become very difficult to measure it (Kabeer, 1999:18). Many people have therefore given different interpretation as to the word empowerment. For instance according to a loan officer of the Offinso Branch of SAT, empowerment is “impacting knowledge, skills to others for development in order for them to work on their own”.

Another of such definition is given by Krishna, 2003 cited in Swain (2006:10). He defines empowerment as “the process of increasing the capacity of individuals or groups to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions that both build individual and collective assets, and improve efficiency and fairness of the organizational and institutional context which govern the use of these assets”.

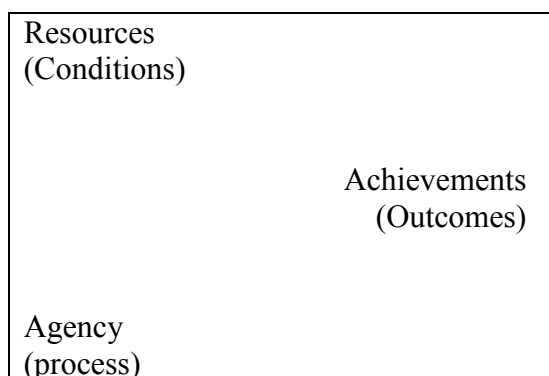
Also Alsop and Heinsohn (2005: 5) are of the view that empowerment is “enhancing an individual’s or group’s capacity to make choices and transform these choices into desired actions and outcomes”. Rowland (1997: 15) cited in Mosedale (2005:248) on

the other hand posits that “empowerment is a process; that involves some degree of personal development, but that this is not sufficient; and that it involves moving from insight to action”.

However in our opinion to be able to explain empowerment, the word power has to be explained. As argued by Kabeer (1999:18) to have power means ‘the ability to make choices’ and to be disempowered means ‘to be denied choices’. In her estimation then empowerment is therefore tied up with the condition of disempowerment. If a person who was initially denied the ability to make choices acquire that ability, the person is said to be empowered. In this situation the person has gone through a process of change. Therefore in Kabeer’s view (1999:19) “empowerment thus refers to the expansion in people’s ability to make strategic life choices in a context where this ability was previously denied them.”

In order for people to exercise their ability to make choices there must be changes in three inter related dimensions which make up choice. These are access to and control of resources; agency (the ability to use these resources to bring out new opportunities) and achievement (the achievement of new social outcomes). These dimensions tend to be dependent on each other in the sense that a change in each one is affected and have effects on changes of the other (Kabeer, 1999:19). Empowerment is not only a process but also an end result (outcome).

**Figure 1: Dimensions of empowerment**



Adopted from Kabeer, N. (1999) Resources, Agency, Achievements: Reflections on the Measurement of Women's Empowerment. *Development and Change*, Volume 30, Number 3, July 1999. Blackwell Publishing  
 "Discussing Women's Empowerment: Theory and Practice" Sida-Studies no.3.

## **2.6.1 THE THREE INTER RELATED DIMENSIONS**

### **2.6.1a RESOURCES**

Resources which can be in the form of material, human, financial, natural and so on are distributed through various institutions and processes. As a result of this access to resources are normally guided by prevailing rules, norms and practises in a society. These rules, norms and practises tend to make certain people have authority over others in determining the principle of distribution and exchange of resources. Therefore with the issue of empowerment the conditions under which people gain

access to resources is equally as important as the resources themselves (Kabeer, 1999:20). Since women in developing countries have been denied access to resources such as social, credit, property rights and so on for quite some time now, it is assumed that access to these resources will enable them to make strategic life choices. For instance if women are able to acquire financial assistance which they hitherto did not have access to for their business operations, it is assumed that they will be able to increase their capital base in order to make choices in their everyday life.

### **2.6.1b AGENCY**

Agency on the other is “the ability to define one’s goal and act upon it” (Kabeer, 1999:21). What must be realized is that having access to resources alone does not imply that the women have been empowered unless they are able to use the resources to achieve their intended goals. That is for resources to enable women’s empowerment; they must be able to use them for the intended goals that they have chosen for themselves. In Kabeer’s estimation then the term agency refers to the process of decision making, negotiation and manipulation that is required for women to use resources efficiently (cited in Cheston and Kuhn, 2002:12).

### **2.6.1c ACHIEVEMENT**

According to Kabeer (1999:21) “Resources and agency together constitute what Sen refers to as capabilities, the potential that people have for living the lives they want, of achieving valued ways of “being and doing.” In Sen’s opinion ‘functionings’ refers to all the possible ways of ‘being and doing’ which are of relevance to people in a given context. He also defines the idea of ‘functioning achievements’ to mean “the particular ways of being and doing which are realised by different individuals”. The third dimension of power is therefore the realised achievements (such as the ability of women to send their children to school, cook nutritious food, being involved in decision making) or the failure to do so. It must be realised that if people are not able to achieve the value ways of ‘being and doing’ due to their own laziness, incompetence then the idea of power does not come in. However on the other hand if failure to achieve these value ways is as a result of unequal distribution of capabilities, this can mean that the person has been disempowered (Kabeer, 1999:21).

In our opinion, a person is therefore deemed to be empowered when the necessary enabling conditions (for instance access to finance, training, equal rights for all persons etc) are provided for such a person and at the same time when certain stumbling blocks (for e.g. removal of the demand for collateral) are removed from his way for him to achieve his aim.

## **2.7.0 THE NEED FOR MICROFINANCE IN AFRICA**

Africa is one of the places where finding financial assistance to start a business is a problem. This as a matter of fact has initiated the setting up of various microfinance institutions. According to Basu et al (2004), in order “to meet the unsatisfied demand

for financial services, a variety of microfinance institutions has emerged over time in Africa. Some of these institutions concentrate only on providing credit, others are engaged in providing both deposit and credit facilities and some are involved only in deposit collection". Microfinance provided by these institutions has been of enormous help to people who have been trapped in the cycle of poverty in Africa. It is said to be a bottom up tool that empowers and enables the alleviation of poverty by providing the necessary economic and non-economic externalities to households with low incomes in developing countries such as Africa. It is deemed as a sustainable tool to the combat of poverty, a combination of a for-profit approach that is self-sustaining and a focus to empower low income households by eradicating poverty. As such developing countries governments have adopted it as a means to exercise their developmental priorities (Srinivas, [n.d]).

## **2.8.0 DESCRIPTION OF COUNTRY OF STUDY**

Ghana a former British colony was initially called Gold Coast. It gained independence on 6<sup>th</sup> March, 1957 and assumed republican status on 1<sup>st</sup> July, 1960. It shares boundary with Cote d'Ivoire (850 km.) on the west, Burkina Faso (373 km.) to the North, the Republic of Togo (873 km.) on the East and the Atlantic Ocean on the South. The capital used to be Cape Coast but currently Accra is serving that purpose. The country also has some major towns such as Kumasi, Takoradi, Koforidua, Tema and Cape Coast. The length of the land frontier is 2,060 km. with a coastline stretch of 554 kilometres. The Northern part of Ghana is characterised by Savannah climate whilst the Southern part has tropical forest. On the other hand too the Central part has mountains stretching to the east (Mbai and Kuma, 1997).

The total land area of Ghana is 238,533 sq km. (92,000 sq miles) with a population of 18,912,079. The population increased from 6,726,000 in 1960 growing at an average annual rate of 2.4 percent in 1960-970, 2.6 percent in 1970-1984 and 2.7percent in 1984-2000. The population is projected to increase by 12,399,352 that is 53.1 percent over the 2000-2025 period (Ghana Statistical Service, 2005:1).

## **2.8.1 ECONOMIC SITUATION OF GHANA.**

As a result of political upheavals Ghana's economy has not been stable. After the overthrow of Dr. Kwame Nkrumah the first president in the 1960's there has been series of military coups. Most of these military leaders did not follow the development plans formulated by their predecessors; throwing over board these plans. As a result Ghana's economy has experienced serious declines for quite some time now. This has resulted in increases in inflation and interest rates. For instance inflation rose as high as 140% in 1979 (Mbai and Kuma, 1997) and from 13.8% in 1999 to 40.5% in 2000 before falling to 21.3% in 2001. Also the 91-day Treasury bill reached 42% in 2001 before it declined to 22% in 2002. On the other hand the Gross Domestic product (GDP) for 2001 stood at US \$5.36billion with an annual growth rate of 4.2%. Whilst the average per capita income level for Sub-Saharan Africa is US \$520, Ghana's is at a lowest of US \$390. All these go to show that the there is the prevalence of poverty in Ghana.

Reducing poverty has therefore been of crucial importance to the government of Ghana. As a result various programmes such as the World Bank sponsored Economic



Recovery Programme (ERP), Structural Adjustment Programme (SAP) were implemented by the government in the 1980's to address poverty in the country. The SAP aim was to move the country away from trading and non productive activities to production. The main tenet of the policy involved institutional and financial sector reforms, and restructuring, human and human resource development, private sector development, small business promotion among others (Mbai and Kuma, 1997).

These were not able to solve the prevalence of poverty in Ghana entirely. Therefore other development plans and programmes to reduce poverty in the country were also drawn, one of such is the *Ghana Poverty Reduction Strategy (GPRS) 2000-2004: An Agenda for growth and prosperity under the Ghana –Vision 2020* (Steel and Andah, 2003:2&3). As poverty levels tend to be high among people who are involved in the informal sector engaged in activities such as petty trading, shop keeping, services providing (hairdressing etc) residing in both rural and urban areas (The Microfinance Gateway,2006), microfinance is therefore seen as a policy intervention that has the potential to reduce poverty. As postulated by Steel and Andah (2003:3) “The overall policy framework for microfinance is informed by the poverty reduction strategy, which seeks to balance growth and macroeconomic stability with human development and empowerment in such a way so as to positively reduce the country's poverty levels in medium term”.

The impact of microfinance is known to go beyond just business loans (Littlefield et al, 2003:1). This is due to the fact that microfinance institutions provide technical assistance and capacity building of entrepreneurs. As stated by Littlefield et al (2003:1) microfinance provides services such as “loans, savings facilities, insurance, transfer payments and even micro-pensions”. This has led to the situation where the government is putting premium on microfinance as a means to reduce poverty and empower women.

## **2.8.2 THE FINANCIAL SYSTEM IN GHANA**

Before we discuss the microfinance industry in Ghana, the financial system as it pertains currently in Ghana will be analysed. The Financial system in Ghana consists of three main categories; these are formal, semi-formal and informal institutions.

**2.8.2a The formal financial institutions** are mainly made up of institutions that are incorporated under the Companies code of 1963 (Act 179) therefore legally recognised as limited liability companies. These institutions are also licensed by the Bank of Ghana (BOG) under either the Banking Law 1989 (PNDCL 225) or the Financial Institutions (Non- Banking) Law 1993 (PNDCL 328) to offer financial services under Bank of Ghana regulations. The clientele targets for these Banks are normally the urban middle income earners and high income earners. These banks consist of Rural and Community Banks which under the Banking Law offer commercial banking services but can not undertake foreign exchange operations. The minimum capital requirement for these rural banks are low and some of them tend to collaborate with NGO's using microfinance strategies. The other is the non banking financial institutions which consist of Savings and Loans Companies (S&L) which are into micro and small-scale financial intermediation using microfinance methodologies (Steel and Andah, 2003:3&4).

**2.8.2b The Semi Formal Institution** consists of Non Governmental Organisations and Credit Unions which though formally registered are not licensed by the Bank of Ghana. Under the companies Code, NGO's are incorporated as companies limited by guarantees and are not allowed to take deposits from the public. They normally fall on external donors for funds. Their clientele target is mainly poor people using microfinance methodologies though mostly on limited basis. Credit unions on the other hand are registered by the Department of Cooperatives as cooperative societies and are allowed to accept deposits from and give loans to their members only. The activities of credit Unions are regulated by Apex Bank under the instructions of Bank of Ghana until a new Credit Union Law has been introduced (Steel and Andah, 2003:4).

**2.8.2c The Informal Financial Institution** consists of a number of activities which is known as Susu (this is a saving mechanism where clients deposit their money with an agent and collect it after a specified period of time) in the local parlance. These include individual savings collectors, rotating savings (where funds accumulated over time are released to members on rotational basis) and credit 'clubs' run by an operator. Also money lenders, trade creditors, self help groups and personal loans from friends and family constitute informal financial institution. The police under the Moneylenders Ordinance are supposed to license money lenders (Steel and Andah, 2003:4).

The few major Banks which mainly operate as commercial Banks are able to reach only about 5% of household. This is due to the fact that poor people do not have money to meet the high minimum deposits requirements that are demanded by these Commercial Banks. Also these banks charge as high as 19% on their loans. Rural Banks, Savings and Loans Companies and the Semi – Formal and Informal Financial system therefore play a very significant role in Ghana's private sector development and poverty reduction strategy. This is because about 60% of money supply in Ghana is outside the Commercial Banking system (Steel and Andah, 2003:4). Therefore the availability of credit through microfinance using rural banks, semi formal and informal institutions to the many women who operate in the informal sector who as a result of poverty, are not able to access credit is of utmost importance. Since most women are now involved in economic activities which has enabled them to support their husbands in the upkeep of their families.

### **2.8.3 GHANA'S MICROFINANCE SECTOR**

The country's microfinance sector has a savings orientation that is strong with a greater number of licensed institutions relative to non-governmental organizations. As discussed above most of the microfinance activities in the country are undertaken by banking institutions-mostly rural and community banks, non-bank institutions and savings and loans companies. Though the rural and community banks provide loan sizes which are small, it was established in the year 2001 that out of the 115 microfinance institutions in Ghana, the rural community banks alone had 1.2 million depositors and 150,000 borrowers. Aside this, the non banking savings and loans sector recorded 160,000 depositors and 10,000 borrowers as at 2002 with private

depositors of microfinance institutions amounting to 6% of commercial bank depositors (Basu et al, 2004).

The performance of microfinance institutions in the rural areas of Ghana have improved in recent years due to the adoption of

- a. a commercial approach
- b. a restructuring of the sector through re-capitalization and capacity building
- c. Strengthened regulation contributed to reduce drastically the proportion of distressed rural and community banks.

During the period of 1996 to 2001 credit unions that were not performing up to satisfaction reduced from 70% to 60% and the worst ones from 42% to 15% (Basu et al, 2004).

## **2.9.0 DESCRIPTION OF STUDY ORGANIZATION**

Sinapi Aba Trust (SAT) is a member of Opportunity International (OI), a Christian based donor organisation which has its headquarters in Chicago, Illinois in the United States. The main sponsors for SAT credit operations is OI, as OI serves as a channel where funds from the United States Agency for International Development (USAID) the U.S government's primary agency for foreign aid, going to developing countries. OI supports a global network of over 71 microfinance institutions in over 30 countries, five of which were in Africa (Kendrick, 2006:3).

As a private and a non-profit non-governmental organization (NGO) SAT started operation in 1994 as a company limited by guarantee to support the poorest of the economically active poor to enhance their lives through microfinance and basic business training. SAT aims at providing opportunities for enterprise development and income generation to the economically disadvantaged to transform their lives. As stated by Afrane (2002: 41) "the mission of SAT is to serve as the biblical 'mustard seed', through which opportunities for enterprise and income generation are provided for the economically disadvantaged". It is also dedicated to providing consulting, training and research services in microfinance and related services throughout Ghana. SAT has since its inception served over 34000 clients in the nine regions of Ghana, having over 12 branches (Annual report, 2005:13). It gives financial support to small micro enterprises involved in trading, manufacturing, services, the food industry, the agriculture sector among others (Afrane, 2002: 41)

The company targets poor entrepreneurs through two main loan products, group loans and individual loans. These products are divided into the following categories:

### **2.9.1 Trust banks**

The trust bank employs a development-intensive group lending strategy designed to cater for the poorest micro-entrepreneurs. The small loan amounts offered attract only the smallest businesses, typically owned by the poor women, with household incomes well below the poverty line. Clients are organized into groups averaging 25 members who cross-guarantee each other's loan. Since it is self selection, clients businesses are assessed to look at their assets and cash flow (sales, expenditure and profit margin etc). Loans given at the initial stage range from \$ 88-166 with payments made weekly

for the term of four to six months. In some cases, biweekly repayments are scheduled as well.

Beneficiaries of this scheme go through an orientation for eight weeks prior to receiving first loans and throughout the loan cycle packages such as training in marketing, business management, leadership development, financial management, community development, group solidarity and effective use of credit are given.

### **2.9.2 Solidarity groups**

Solidarity groups are packages for clients who have successfully repaid at least 4 trust bank loans and who wish for a smaller group atmosphere (groups' average five clients) and more flexible terms. Solidarity group loans, like trust bank loans require the mutual cross-guarantee of all group members.

### **2.9.3 Individual loans**

Individual loans are designed for slightly larger businesses with greater capital needs. Some solidarity group clients whose businesses have grown become individual loan clients. Clients are required to attend a day's orientation during which they are informed of requirements and procedures and are provided with business service training. First individual loans are between \$110 and \$550 with a loan term of 6 months.

Sinapi also has another loan category for individuals known as the "tier two" for exceptional clients, which allows for loans amounting from \$550-\$110 with repayment terms averaging from 12-18 months. Repayments for all individual loans are made directly to the nearest branch of the company.

As part of SAT's trust bank and individual loan methodologies, the company has also incorporated both voluntary and compulsory savings and also gives minimalist training especially to its clients in the area of

- Entrepreneurial skills
- Credit acquisition and wise use of credit
- Basic accounting principles and savings
- Business records keeping
- Good customer care (Sinapi Aba Trust, [n.d]).

Through the above products, it is assumed that the company can reach or will be able to reach the poorest entrepreneurs, helping them expand their businesses and work their way out of poverty. Though there are many micro finance companies in Ghana, Sinapi Aba Trust is chosen for the study because it is one of the institutions that is performing tremendously well with the use of microfinance in the eradication of poverty in all the ten regions of Ghana.

Therefore in this study we will examine how microfinance from Sinapi Aba Trust (using the Offinso Branch as an example) is helping in empowering its women beneficiaries. This is due to the fact that having the money alone does not mean that the women have been empowered unless they have absolute ownership and control over it. This is because in most African settings some husbands and brothers of businesswomen control their finances. Microfinance programmes have been known to have both positive and negative impact on women as alleged by Mayoux (1997). She asserts that in situations where women have been able to acquire loans, it is the men who use it to set up their business enterprises over which the women have little control. Also in some situations these women are employed as unpaid family labour with little pay whilst these women bear the liability of repayment. In another study by Rahman (1999) cited in Swain (2006: 12) he found out that 40% and 70% of loans disbursed to women in a village were used by their spouse and as a result tension within the household increased.

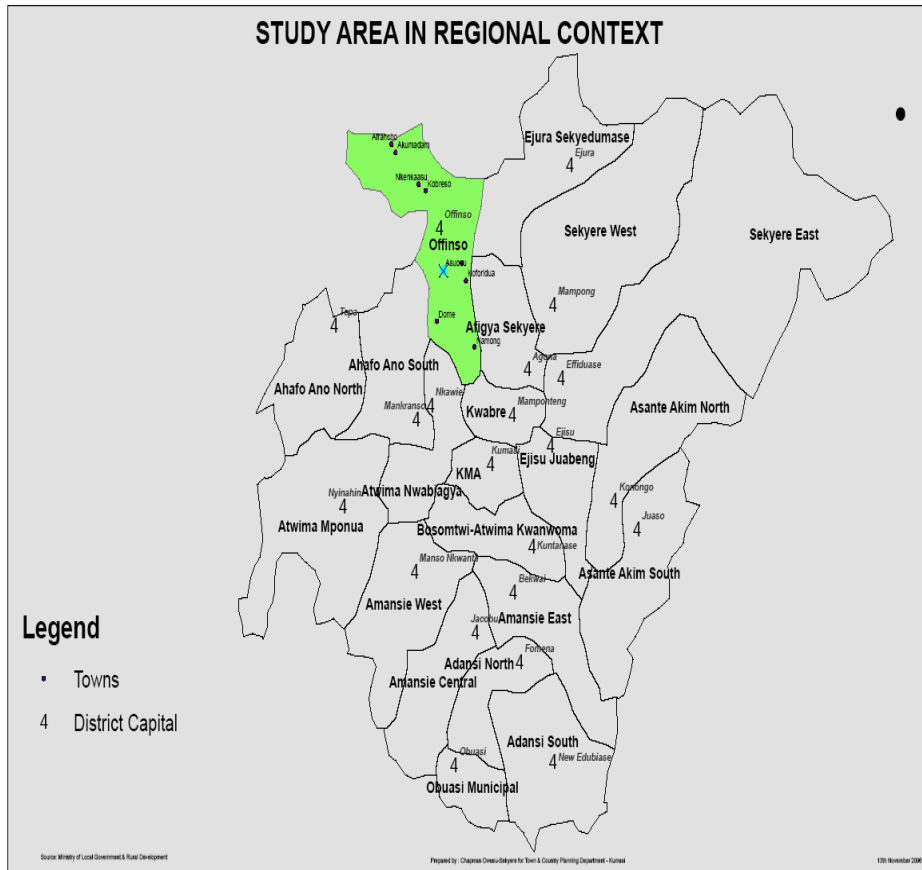
### **2.10.0 DESCRIPTION OF STUDY AREA**

The research area can be found in the Ashanti region of Ghana. This region is centrally located in the middle belt of Ghana. It lies between longitudes 0.15W and 2.25 and latitudes 5.50N and 7.46N. It shares boundary with four of the ten political regions. It shares boundary to the North with Brong Ahafo region, to the East with the Eastern region, to the South with Central region and to the South-West with the Western region. The total land area is 24,389 square km constituting 10.2% of the total land area of Ghana (Ghana Statistical Service, 2005:5). The region is made up of 21 administrative districts including the Kumasi Metropolis which is the regional capital and Offinso district which is the study area.

The Offinso district is located in the extreme North-Western part of the Ashanti Region sharing about half of its boundary with the Brong Ahafo Region in the North and West. To the East it shares boundary with Ejura- Sekyeredumasi District and to the South with Kwabre, Afigya Sekyere, Ahafo Ano South and Atwima districts. The District covers an area of 1255km<sup>2</sup> (about 5.2% of Ashanti region's total surface area) and lies between longitude 1° 65'W and 1° 45'E and latitudes 6° 45'N and 7° 25' S (Ministry of Local Govt., Rural Dev. & Environment & Moks Publications & Media Services, 2006).

According to the 2000 population and housing census the total population of the Offinso district is 137,689. Of this 68,484 constitute males and 69,205 are females. The district is made up of 126 settlements with New Offinso being its capital with a population of 35,190. The district has five major towns namely Abofour, Nkenkaasu, Afrancho, Akumadan and New Offinso with the rest of the settlements mainly rural. This district has an average population density of 109.7 per square km. The annual population growth rate of this district is 3.1%.

The district has an agrarian economy with over 70% of the active population in the district engaged in farming. Commerce follows with about 20%, service 11% and industry 5% respectively (Ministry of Local Govt., Rural Dev. & Environment & Moks Publications & Media Services, 2006).



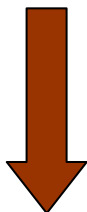
## 2.11.0 CONCEPTUAL FRAMEWORK

### ELEMENTS OF SAT

### EMPOWERMENT

- Financial assistance (individual & group loans)
- Business training
- Consultancy service
- research

- Increase in savings
- Control over economic resources
- Involved in decision making in the household and community
- Participation in community activities and development
- Good business decisions and management



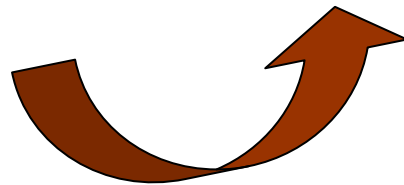
## GHANAIAI WOMAN

- Low income (poor)
- Inaccessible financial assistance
- Lack of education
- Non involvement in household and community decision making

## BEHAVIOURAL

### CHANGES

- Individual level
- Family/household level
- Community level
- Enterprise level



The majority of Ghanaian women in our view exhibit the characteristics of being very poor or have very low income, have no access to financial assistance, have low or no educational background, do not take part in household and community decision making but very enterprising.

Throughout the colonial period and until now women in Africa and to be precise Ghana have been powerless both socially and economically. This we can attribute to our traditions and customs. Women were made to believe that their place was in the kitchen. All they did was to help their husbands on their farms, cook and take care of their children at home. According to Kessey (1997), “the Ghanaian woman has been constrained by a number of traditional norms and practices. As a rural woman, she is supposed to support her husbands farming activities who at the end of the day takes virtually all the returns and gives her a token. This he thinks has led to the neglect of the value and worth of women in all fields thereby leading to their gradual relegation to the background for lack of economic power”.

Due to the fact that they do not have economic power, they are also not given any credibility when it comes to decision making at home and in the community. It is very normal to find men in the Ghanaian society assuming all top positions and taking decisions concerning the home and society at large. According to Hay and Stichter (1995), “the colonial administration system allowed European officials to govern through indigenous male authorities formalizing male institutions ignoring their female authorities” Allen and Gavern et al (1982), also emphasized that women in Africa lost economic and political status because the Europeans failed to recognize that women held political roles in their societies (as cited in Kessey 1997).

Also most Ghanaian women lack the necessary educational qualifications to be able to rub shoulders with their male counterpart. This is due to the fact that priority is given to the boy child whenever there is need to educate a child. Parents are of the belief that if they spend their money on educating the girl child, she will still end up in the kitchen.

In addition to this, although the Ghanaian woman is very enterprising, an important element inhibiting her progress is her inability to access financial assistance when the need arises. This is due to the fact that most women do not have properties which they can use as a form of collateral when they need to access loans from the commercial banks. Commercial Banks in granting loans normally demand some form of collateral so that in a situation where the client defaults in payment, her property will be sold by the bank. Since she is considered as enterprising, she can be empowered through the provision of some kind of financial assistance. The use of microfinance in our view will be a means to achieve empowerment and development of the poor woman.

The inability of women to have power in our society has not changed that much. There are still instances where women have no option than to succumb to their traditional practices. The Ghanaian society is developing and we think development can be faster if women are relieved of some of their traditional roles and are empowered to take up certain responsibilities both at home and in society.

The conceptual framework depicts how we perceive the causal relationship between elements of Sinapi Aba Trust (a microfinance institution) and transformation in the lives of women beneficiaries of the loan scheme.

Sinapi Aba Trust as an organization provides services such as

- Loans
- Business training
- Consultancy services
- Research services

among others to loan beneficiaries who mostly constitute the disadvantaged in the society. Out of these beneficiaries are women who in our view exhibit these characteristics

- Very poor or have low income
- Have no or low educational level
- Lack financial assistance but very enterprising
- Not involved in household and community decisions

We think that by participating in the microfinance scheme some behavioural changes can occur at the

- Individual level
- Family / household level
- Community level
- Enterprise level

of the beneficiaries. We are of the view that positive changes can occur in their lives in terms of the issues raised above with the use of microfinance. We believe that it will serve as a good measure to develop their entrepreneurial capabilities since it will lead to empowerment in all aspects of their social and economic lives. With these facilities it is assumed that their role in the household will change. This is due to the fact they will be able to contribute to the household in terms of feeding, clothing, shelter, the payment of school fees of their children. This can pave a way for them to have an equal share in household decisions. They are also likely to have a chance in participating in issues concerning their communities, take better business and



management decisions and will also be in a better position to save and encourage further investments.

At the end of the study, we intend to relate the conceptual framework and literature review to information received on the field in order to find out whether a positive relationship exists between what has been found and what has already been said about microfinance and women empowerment. It will also be used to assess whether microfinance has been able to empower women in Ghana most especially those of the Sinapi Aba Trust loan schemes in the Offinso district. In a nutshell we will investigate whether there is a link between empowerment of women beneficiaries and the elements of the Microfinance institution.

## **CHAPTER THREE**

### **METHODOLOGY AND RESEARCH METHODS**

#### **3.0 INTRODUCTION**

This section or chapter of this topic presents methodology and research methods applied to achieve the findings of the study.

Methodology is all about how we will go about conducting the study. As defined by Silverman, (2001:4) methodology “refers to the choices we make about cases to study, methods of data gathering, forms of data analysis etc. in planning a research study”. There are different ways in which research can be carried out, these are qualitative, quantitative and action research methods. We will therefore like to discuss these various methodologies and explain what inform us to choose the methodology and methods we have adopted for this study.

#### **3.1.0 QUALITATIVE RESEARCH**

Qualitative research is mainly concerned with “developing explanation for social phenomenon”. Its main tenet is “to help us to understand the world in which we live and why things are the way they are” (Hancock, 2002:2). As opposed to quantitative research which rely on the ability to identify a set of variables, qualitative research is mainly concerned with the opinions, experiences and feelings of individuals being investigated (Hancock, 2002:2). As argued by Holland and Campbell (1998:5) qualitative research is recognized for “its explanatory power and for the richness and depth of information it generates”, in the sense that it seeks to explain the differences instead of standardizing to describe the norm.

There are various research designs for qualitative research. These are phenomenology, ethnography, grounded theory and case study.

Phenomenology is mainly concerned with studying events, situations, concepts and so on that exists, that is carrying out a study to try and understand phenomenon that have been with us for quite some time (Hancock, 2002:4).

Ethnography is a methodology that is used to describe culture and people whilst grounded theory is mainly associated with the development of a new theory through the collection and analysis of data of a phenomenon. Case study on the other hand is having an in depth study of an entity that forms a single unit such as a person, an organization, an institution (Hancock, 2002:4-6).

The various methods used in collecting qualitative research data are interviews, observations, analyzing texts and documents, recording and transcribing (Silverman, 2001: 11). In this study we will resort to the use of interviews so as to ascertain whether beneficiaries are actually involved in decision making in the household or not. The use of observation will be quite difficult since our stay with the beneficiaries will be for a limited period which cannot generate enough data. However it must be realized that qualitative research has some limitations. Some of the limitations of qualitative research are that it can be too subjective, sometimes difficult to replicate and lacks transparency (that is it can be difficult to find out exactly what the researcher did and the process can be unclear) (Wilberg, 2006).

### **3.1.1 QUANTITATIVE RESEARCH**

Quantitative research methods “produce data that can be aggregated and analysed to describe and predict relationships (Holland and Campbell 1998:5)”. Quantitative research uses mathematical and statistical techniques to identify facts and causal relationships. In this situation samples can be large and representative therefore leading to a situation where results can be generalized to a larger population within known limits or error (Fitzgerald and Howcroft 1998:10).

At epistemological level the researcher is supposed to have an objective view that is he must try as much as possible to detach himself from the research situation so as not to contaminate the research findings with his values (Fitzgerald and Howcroft 1998:10). Also quantitative methodology is associated with hypothesis testing and theory verification (Fitzgerald and Howcroft 1998:10).

If quantitative approach was solely adopted for this thesis it means that we would have to resort to the use of questionnaires with fixed questions and distribute to a larger population. This means that all the respondents would have to answer the same questions for generalisations to be made, which in our case would have been bias since they will not be able to express themselves. This is due to the fact that quantitative method seeks to get a broad view of a situation using a larger sample size. However this was quite difficult in our circumstances since the resources at our disposal would not allow us to deal with a larger sample. This was due to the fact that most of the clients live quite apart from each other in remote areas and it will be quite expensive travelling to all these areas.

### **3.1.2 ACTION RESEARCH**

Action research is a situation where both the researcher and the one being researched are involved in the research situation. This means they both try to identify the problem and propose solutions to it. According to Hult & Lennung (1980) cited by Sein (2006) “Action research simultaneously assists in practical problem-solving and expands scientific knowledge, as well as enhances the competencies of the respective actors, being performed collaboratively in an immediate situation using data feedback in a cyclical process aiming at an increased understanding of change processes in social systems and undertaken within a mutually acceptable ethical framework.”

In this situation people who are to be affected by change are involved in the action process and this leads to a situation where understanding is widely shared and therefore the change that is being pursued will be done with a higher commitment.

If we are to adopt action research in this study, it will mean that we in collaboration with the women beneficiaries of Sinapa Aba Trust will be mainly concerned with diagnosing and finding solutions to a problem. Considering the time frame and resources available to us to carry out this thesis, this will not be feasible. This is because for the empowerment of women to be felt the person should have been with the microfinance institution for at least two years. We had only six months to carry out this study.

### **3.2.0 METHODOLOGY CHOSEN AND WHY**

In this thesis we resorted to qualitative and quantitative strategies for our analysis. This is because our objectives are stated in such a way that using any other alternatives apart from qualitative and quantitative approach will make it difficult to carry out the study. In terms of the methods adopted we used in-depth interviews comprising of both open ended and closed questions as our main source of data collection in addition to focus group discussion and supplemented it with analyzing existing texts and documents relevant to the study and tape recording. Combining these methods is important because it led to a situation where lapses in one method were covered by the other. As argued in Holland and Campbell (2005:21) different methods and sources have their own advantage but cannot replace each other.

### **3.3.0 SAMPLING PROCEDURE**

In every research study with a limited time, it is very necessary to get a sample of the total population since every individual in the given population cannot be observed. There are two main sampling procedures used to select a sample from a given population. These are probability sampling and non-probability sampling methods.

Probability sampling is a situation whereby the chance of the population been sampled is known. It is also such that, mathematically, the probability of any individual being selected can be calculated. There are several methods of probability sampling. These are simple random sampling, systematic random sampling, stratified random sampling and cluster sampling (Herek 2006).

Simple random sampling involves a process whereby a group of elements are selected from a larger group. Selection is done by chance to ensure that every element in the population can be part of the sample.

With the systematic random method, sampling follows a specific arranged order. For example a sample can be taken from 5th, 10th etc elements.

Stratified sampling is used for populations that are heterogeneous. Samples are selected from the various subgroups of the population.

Cluster sampling is also a technique whereby the entire population to be sampled is divided into clusters. After the division, random samples of these clusters are selected. It is used “when the researcher cannot get a complete list of members of a population they wish to study but can get a complete list of groups or clusters of the population (Easton & Mccoll (2006).

With non-probability sampling method, elements are selected based on their availability. For such a sampling method, a criterion is set for the selection of the elements. For example it can be based on a region in which the population is found or a particular kind of appearance. The different kinds of non-probability sampling

methods are accidental sampling, purposive sampling and quota sampling (Herek 2006).

Accidental sampling procedure is a method that is based on the availability of the elements. The selection is merely done without any particular criteria in mind. Purposive on the other hand is used when data needs to be collected from specific individuals. With quota sampling, elements are selected based on specific categories that exist within a population (Index Page, 2006).

For this study, we resorted to probability sampling technique because we wanted to know the elements in our population which had a chance of been selected.

Ideal as it is we were not able to carry out in depth study due to financial and time constraints. As we could not visit all the beneficiaries, we resorted to the use of simple random sampling techniques to interview beneficiaries of the microfinance scheme, loan officers and management of Sinapi Aba Trust in the Offinso Branch. First of all, the list of the total number of beneficiaries who have been with the scheme for over two years was collected from the management of the Offinso Branch of Sinapi Aba Trust. Out of this total, 40 women were randomly selected from the total population of women beneficiaries who fell within this category.

This method of sampling ensured that each person had an equal chance of being selected. However one thing that we are aware of is that the findings cannot be generalized for the whole population since the results represented the views of the population that we were able to sample at the particular time of the study. All the loan officers of the Offinso Branch were also given questionnaires to fill for us to know the kind of services that they provide to their clients and what they understand by the word empowerment and its indicators. This was compared to what the clients said during the interview for us to know whether the loan officers or the organisation in general were actually delivering the services that they claim to be providing.

Aside these focus group discussions were carried out. This was made up of two groups with a membership of 10 people each. We were able to have this discussion with these groups when they submitted their bi weekly payments at the Branch office.

In all a sample size of 67 was used. These were seven (7) people made up of management and loan officers, forty (40) beneficiaries of group loan schemes and also focus group discussions (two groups consisting of ten members each).

### **3.4.0 METHODS OF DATA COLLECTION**

In this study we collected data from the following sources. These are Primary sources such as interviews and focus group discussions. Secondary sources such as existing text and documents on the topic, journals from the study organization (Sinapi Aba Trust) among others.

#### **3.4.1 PRIMARY SOURCE OF DATA**

### **3.4.1a INTERVIEWS**

We conducted face to face interviews of women beneficiaries of the microfinance scheme and officials of Sinapi Aba Trust using open ended and closed questions. Face to face interview was the preferred choice because in our setting most women in the informal sector are illiterates and therefore cannot use the internet if questionnaires are mailed to them. Also face to face interview ensured that questions that are ambiguous to the respondents are explained further for them to get a clearer understanding of the questions asked. In the same way due to poor infrastructure and the high cost of telephones it would have been quite expensive to conduct interviews over the phone. This is not to say that face to face interviews do not have problems because it can be very time consuming. We were lucky to get some of the sampled beneficiaries to interview at the office of the organization when they were submitting their bi weekly payments. For the others with the assistance of two loan officers of the organization we were able to locate them in their communities to conduct the interviews. Out of the of the ten communities that the Branch operate in the district some of the communities visited were Abofour, Offinso, Koforidua, Samproso, Kyebi, Anyinasoso, Aduana and Awisem. In interviewing one of us asked the questions whilst the other did the recording.

Open ended questions were chosen for this study so as to get authentic perspective from interviewees. Silverman (2001:13) posits “to get an authentic understanding of people’s experiences it is generally believed that open ended questions are the most effective route towards this end”. Open ended questions allow people to express their own views and opinions. This form of questions serves as a guard against bias tendencies. In addition closed questions were administered during the interview so as to enable us quantify some responses.

First of all, the initial stage of the interview involved asking socio-demographic questions about the women such as their age, the total number of their dependents, occupational characteristics, among others. Also we asked them why they joined this particular micro finance institution and the impact that it has had on them and their lives, families, community and enterprise. This we did by asking them changes that they have experienced in their economic well being, savings and investment habits, their changing roles in the families and the community and the like after joining the scheme.

Before carrying out the interviews we did a pretest of the questionnaire on two beneficiaries to see whether the questions would be understood by the respondents and in situations where there were ambiguities they were corrected.

### **3.4.1b FOCUS GROUP DISCUSSIONS**

We had a focus group discussion with the beneficiaries of the micro finance scheme at the premises of Offinso Branch of SAT. As much as possible we tried to avoid leading questions so that respondents gave their own view on the issue. We were able to gather the women for this discussion when they came to pay their bi weekly payments. A tape recorder was used to ensure that vital information was not missed. However before the tape recorder was used the participants’ permission were sought

and explanation was given as to what the recordings will be used for. All these served as supplement to the interviews and the focus group discussion. We made it a point to write down the interviews at the end of the day and early the next morning when every information was still fresh in our minds.

### **3.4.2 SECONDARY SOURCE OF DATA**

Secondary data in the form of existing document and texts also served as supplementary data. With this, previous research that has been carried out by various authors on this topic was gathered in addition to literature from Sinapi Aba Trust. This served as an input into the study. Other forms of gathering secondary data such as visiting the World Wide Web, journals, periodicals, newspaper reports and so on for information related to the topic were employed. These documents and texts served as additional information to the interviews that have been conducted and was used as the literature review. A limitation to the use of the document is that we may give our own interpretation to the text, more seriously if they are not comparable.

### **3.5.0 DATA ANALYSIS**

Data analysis took the form of qualitative approach. A narrative analysis in addition to bar charts, pie charts etc were used to represent the data collected with responses grouped under themes based on the objectives of the study. In terms of the narrative analysis we have produced a written report in which we tried as much as possible to summarize the findings that we got from the interviews and group discussions. In order to ensure a consistent presentation we grouped the responses under different themes, major topics or sub topics based on the objectives of the study. In order to carry out this we used the word processor through which we highlighted each item of data and copied and pasted it onto a list (Hancock, 1998:17). We also coded the closed ended questions for interpretation. For instance response to questions that demanded a straight yes and no answers were counted so as to know the frequency of occurrence. In this case bar graphs, tables, bar charts and the like were used to depict the response.

### **3.6.0 PROBLEMS ENCOUNTERED**

In carrying out this study there were some problems that we encountered. Some of these are as follows:

#### **3.6.1 RISKS IN TRAVELING**

There was the need for us to travel to the study area Offinso district, which is outside our place of residence Kumasi. The main Kumasi – Offinso trunk road was under construction and this led to a longer traveling time and there was also the nuisance of dust on the road. We also had to travel from one town to another to conduct the interviews and most of these roads are untarred with potholes making traveling very risky and tiring.

### **3.6.2 FUNDS AND TIME**

Funds and time was also an issue that constrained an in-depth analysis of the situation or topic. Enough funds were needed to print questionnaires, making trips to the area among others. The time also allocated for the research that is three months was not enough to research the area into detail.

In addition to these since most of our respondents were illiterates, we had to translate the questionnaire from English to “twi” (our local language). Therefore the response of the interviewees depended on how they understood the translation.

Beside these some of the women misconstrue us as representative of the micro finance institution since we were in the company of two loan officers of the organization and that might have influenced the information they gave us. All the same we tried to explain to them that we were doing a research.



# Chapter Four

## 4.0 FINDINGS

### 4.1 Introduction

This chapter presents findings from the field survey we carried out in the Offinso District in the Ashanti Region of Ghana. We collected data from 40 women beneficiaries, one manager and all the six loan officers of the Offinso Branch of Sinapi Aba Trust. We then had focus group discussions with two beneficiary groups. There were ten members in each of the focus groups. The women beneficiaries were randomly selected from a list provided to us by the management of the Offinso branch of the organization. The findings are categorized into the following headings:

- a. the socio-demographic characteristics of the respondents
- b. the client's choice of financial assistance and why
- c. Beneficiaries affiliation with SAT and its effect on their business management and decisions
- d. Effects on the individual (Women Beneficiaries) after joining SAT
- e. Effects on the Beneficiaries household/family after joining SAT
- f. Effects of the beneficiaries association with SAT on her participation in community activities and development.
- g. Focus Group Discussion

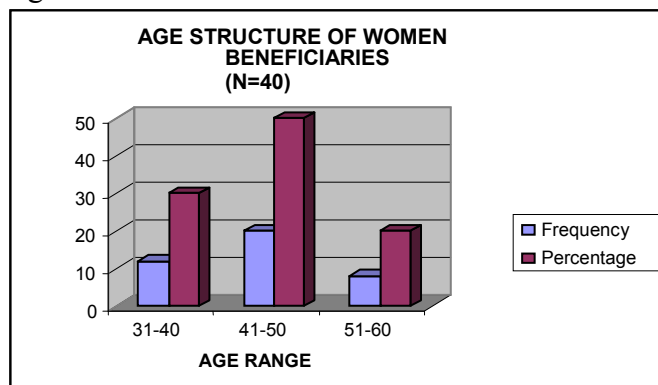
Some of the general findings that we came across are explained below.

#### a. SOCIO DEMOGRAPHIC CHARACTERISTICS OF THE RESPONDENTS

##### The Age Structure

The age structure of the beneficiaries interviewed ranged from 30-60 years. This is depicted in the graph below. The figure shows that 30% of the women beneficiaries fall within the ages 31-40 years, 50% between the ages of 41-50 years and the remaining 20% between the ages of 51-60 years. From the survey it can be realized that all the beneficiaries interviewed fall within the active population group (thus the working class) of which the age(s) range between 41-50 years records the highest number.

Figure 4.1

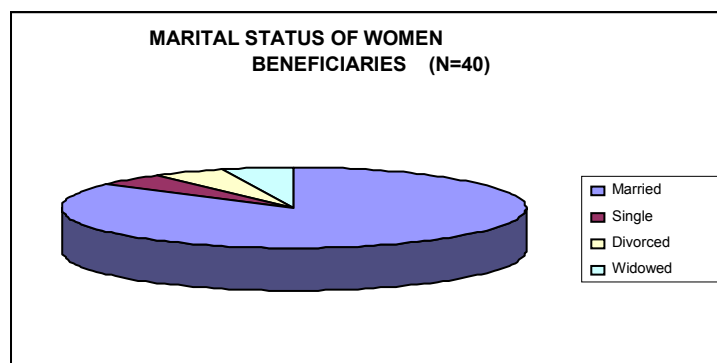


Source: Authors' field survey January-March, 2007.

## Marital status

The study shows that 85% of the women beneficiaries were married while 5% were single, 5% divorced and 5% widowed. This is shown in Figure 4.2.

Figure 4.2



Source: Authors' field survey January-March, 2007.

## Type of Business

Most of the women beneficiaries were also involved in retail business whilst the rest were spread across food service and agriculture. Out of a total of 40 respondents 60% of the women beneficiaries were retailers selling things such as plastic bags, provisions, secondhand clothing's and so on, whilst there were 30% in food service with 10% in both the agriculture and retailing business. This is shown in table 4.1:

**Table 4.1 Type of Business operated by Women Beneficiaries**

BUSINESS TYPE	FREQUENCY	PERCENTAGE
RETAIL	24	60
FOOD SERVICE	12	30
AGRIC AND RETAILING	4	10
<b>TOTAL</b>	<b>40</b>	<b>100</b>

Source: Authors' field survey January-March, 2007.

## BUSINESS LOCATION OF BENEFICIARIES

Through the survey it also came to the fore that some of the women beneficiaries conducted their businesses at a fixed location, others were combining being mobile with selling at a fixed location and others sold according to order. It was revealed in the course of the interview that 40% of the respondents conducted their business at a fixed location, 35% were mobile, 15% were both mobile and fixed whilst 10% sold according to order.

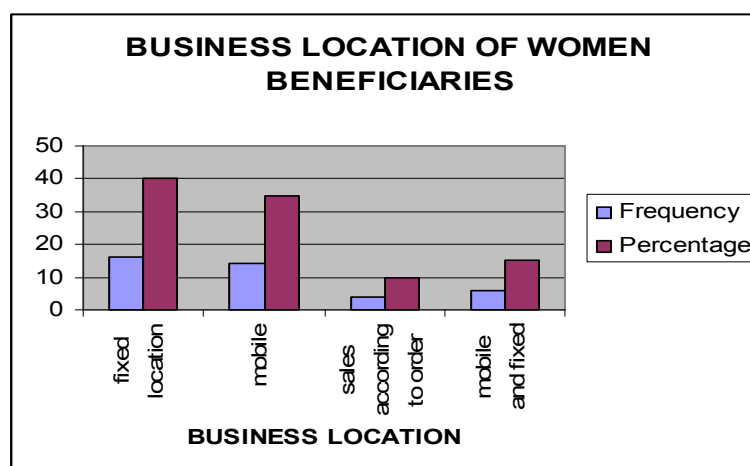


Figure 4.3

Source: Authors' field survey January-March, 2007

### BREAD WINNERS OF FAMILY

In response to the question who was the principal breadwinner of their households, 70% of the respondents said their husbands were the principal breadwinners, 25% said they were the principal breadwinners whilst 5% said that it was both their husbands and themselves.

This is represented in table 4.2:

Table 4.2 Bread Winners in Homes of Women Beneficiaries

BREAD WINNERS	FREQUENCY	PERCENTAGE
MYSELF	10	25
MYSELF AND HUSBAND	2	5
HUSBAND	28	70
<b>TOTAL</b>	<b>40</b>	<b>100</b>

Source: Authors' field survey January-March, 2007.

### b. THE CLIENT'S CHOICE OF FINANCIAL ASSISTANCE AND WHY

Respondents interviewed were asked the kind of financial assistance available for their business operations. They had options such as commercial banks, rural banks, informal money lenders (i.e. family and friends, Susu collectors etc), microfinance institutions and others.

Although they had these options, all or (100% of) the respondents chose microfinance institutions due to their personal reasons. Some of the reasons given by these respondents who have been with SAT for at least two years are listed below:

- With microfinance, I have a chance of making payments on bi-weekly basis and as such payment is not a problem
- I do not need to have an account with Sinapi Aba Trust before I am given a loan as done in commercial banks
- Friends and family members are not reliable and even if they lend you money they keep telling others that you owe them
- I do not need collateral security before the loan is given to me. I just need to join a group and we all cross guarantee each other
- I want money to build a house but do not have collateral security
- I want money for my business operations
- I do not want to buy on credit again

### **c. EFFECTS OF ELEMENTS OF SAT ON BUSINESS MANAGEMENT AND DECISIONS.**

Most of these women who joined SAT Scheme were interested in accessing loans for their businesses. Access to credit is assumed to have a positive impact on the working capital of beneficiaries which will then lead to improvement in their businesses and consequently the welfare of these women. If the welfare of these women is improved, it is believed that some level of empowerment has been achieved. This is due to the fact that it is assumed that they will now be able to do things that they initially could not do in their businesses.

Through this study, we realized that most of the women beneficiaries were able to improve upon their working capital thereby being able to buy their raw materials and other goods in bulk, diversify their businesses to sell products they deem to be more profitable and so on through the financial assistance they got from SAT especially through the group loans.

Most of the women initially had to buy on credit from their suppliers since they did not have ready cash to pay for the goods. The amount of goods that they were able to acquire to sell was therefore dependent on their suppliers. After selling their goods they then deduct their profits from the cost of the goods in addition to the interest charged by their suppliers. This tends to reduce their profit margin or make business very unprofitable to them.

The dependency of these women on their suppliers has now reduced due to their access to financial assistance and they have also been able to diversify their products and businesses. For instance as stated by Madam Comfort Damoah a 38 year old and mother of three, who has been with the scheme for about 11 years, there have been some changes in her business operations. She commented that she has now moved from selling bread and diverted into other businesses.

According to her prior to joining the SAT scheme, she was a baker who bought flour on credit for her baking business. She explained that “ *but as at now through the assistance that I have got from Sinapi I have gone into the business of selling clothes*

*on a table top in the market, hiring out video camera and a generator to other people” (Comfort Damoah 2007).*

In Ghana since most people do not have money to buy their own video cameras and generators for recording special occasions such as funerals, weddings, outdoorings (naming ceremony of a new born child) and the like, they normally rent such facilities. According to Madam Damoah *“I realized that if I go into such a business I will be able to improve upon my income level. Therefore I have also entered the business of hiring out beds for the lying in state of the dead in addition to the hiring out of ‘koben’ for bereaved relatives”*. ‘Koben’ is a mourning cloth (which is red in colour), worn by the Ashantis’ when a close relative or a dear one close to their heart passes away to signify that they are in deep sorrow.

Another client Madam Afrah a retailer in cassava who has been with SAT for just two years, also stated that she has now been able to cultivate three farms on her own in addition to buying other people’s cultivated farms to sell the produce. She explained *“I was initially buying cassava in sacks from farmers and selling it since I did not have enough money. However as a result of the loan I have received from Sinapi, I have now been able to cultivate three farms on my own. Also I am able to go into agreement with farmers who have cultivated cassava and buy the whole farm and harvest the produce for sale instead of buying the produce in sacks from the farmers. This has helped to increase my profit margin”*.

In addition to these, about 50% of the women beneficiaries stated that the business training in terms of basic accounting through bookkeeping, customer care and the like that they have received from SAT have impacted positively on their business operations. They claimed that due to the training that they have received from SAT, they now know how to talk politely to their customers in order to maintain their custom. In Ghana a major problem facing most businesses is poor customer care/service. Most business people do not know how to treat the customer very well. Therefore having a good customer relationship will ensure that these business women will get high patronage for their products leading to increase in sales.

Another point worth mentioning is that, the women commented that the basic accounting skills that they have acquired from SAT scheme is having a positive influence on how to account for the money that they get from their businesses. All of them agreed that, before joining the scheme they did not know that any amount of money that they took from their business accounts was to be accounted for. However as a result of SAT’s training they now know that every “cedi” they take away from the business has to be accounted for or entered in their records. As stated by Madam Rose Dapaah a client of SAT since 1998 *“If I use the business money to buy even ₵100(\$0.011) worth of iced water, I record it as part of my expenses, a practice which I was not used to initially”*. She claims this has helped her in accounting for her income and expenditure and therefore aided her in calculating her profit efficiently.

Clients of SAT loan scheme have also seen improvement in the working relationship that they have with their suppliers. As a result of their prompt payment and credit worthiness to their suppliers, these suppliers are now willing to give them any amount of goods that they want whenever they demand for such goods. According to Madam Akosua Boatemaa who retails rice in sacks, her supplier who is amazed at the manner

in which she makes prompt payments for her goods, one day asked her the secret of her ability to now buy in bulk from her and make prompt payment. Madam Boatemaa has been with SAT for the past three years. She claimed that in response, she told her that *“I have now joined Sinapi, that is why am able to do so.”*

Not only has there been improvement in their businesses, some of the women clients said that they have been giving advice to their colleagues/friends who are not clients of the scheme on business matters such as what products to sell in order to maximize their sales, basic bookkeeping, and the like. This has led to an improvement in the relationship with these friends and earning respect from such friends. These clients also say they encourage others who do not have anybody to turn up to for financial assistance to join Sinapi Aba Trust.

In addition to these out of the 40 respondents, 65% stated they solely made decisions concerning their businesses, when a question was asked about who made decisions on how to use the money they have acquired from SAT. For the other 35% they said that they took decisions in consultation with their husbands. For these people their husbands did advise them on what goods to buy in order to increase their sales, what business to divert into so as to get more profit and sometimes help them in basic accounting procedures when they are facing difficulties. As admitted by one of the respondents who is in the business of selling plastic bags, she claimed that her husband advised her on the type of brand to buy in order to increase her sales.

#### **d. EFFECTS ON THE INDIVIDUAL (WOMEN BENEFICIARIES) AFTER JOINING SAT**

The study aimed at finding out whether the loan given to women beneficiaries had any impact on them. Respondents were asked whether they were able to save some of their money. All the respondents answered with a yes. This is due to the fact that part of the loan given to them is deducted by SAT to serve as savings which is used to defray the cost in case the client defaults in payment. Also some of them have now joined SAT's voluntary savings scheme which in the local parlance is called “susu”. This is depicted in the figure below:

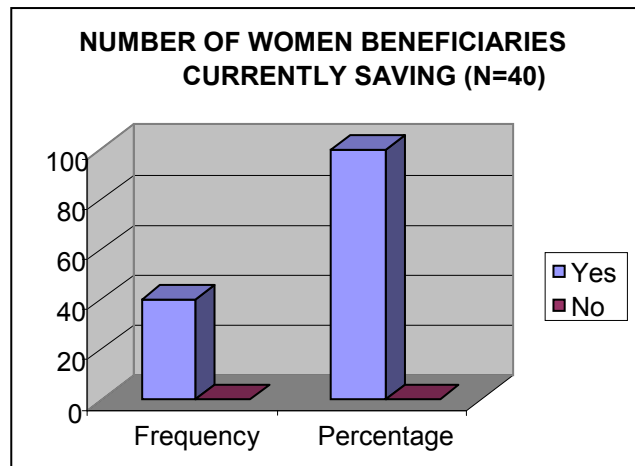


Figure 4.4

Source: Authors' field survey January-March, 2007.

Though they are all saving now, this was not so for some of them prior to joining SAT. They attributed this to the fact that they did not have enough money and their profit levels were so low that they had to use the little money that they earned for any expenditure that came up. For them saving was therefore difficult. Some of the respondents actually started saving after they had joined SAT loan scheme. In the course of the interview we realized that 45% of the respondents were not saving until they joined SAT. This is also presented in the Figure 4.5 below:

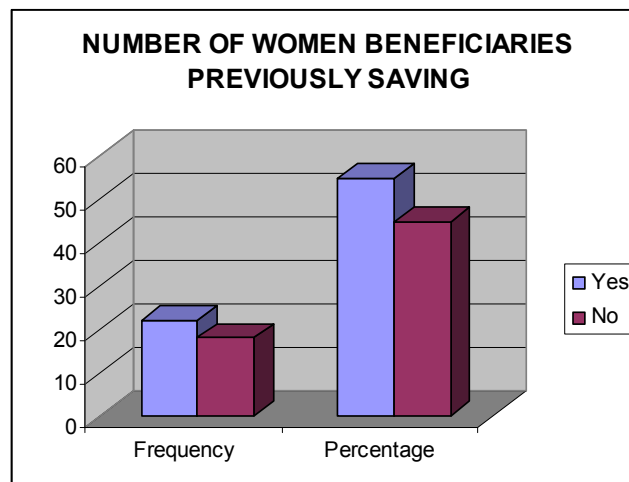


Figure 4.5

Source: Authors' field survey January-March, 2007

Since all the respondents interviewed were saving at the moment, they were asked whether they had at any point in time resorted to using their savings to repay their loans. Out of the 40 respondents, 34 replied in the negative. Thus 85% of them at any point in time had never used their savings to make repayment. However 15% of them said that they had done so before (Table 4.3). This became necessary because they either fell sick when they first acquired the loan or they faced urgent family problems.

**Table 4.3 Number of Beneficiaries who used their savings to service loans**

<b>USE OF SAVINGS TO SERVICE LOANS</b>	<b>FREQUENCY</b>	<b>PERCENTAGE</b>
YES	6	15
NO	34	85
<b>TOTAL</b>	<b>40</b>	<b>100</b>

Source: Authors' field survey January-March, 2007.

#### **e. EFFECTS ON THE BENEFICIARIES' HOUSEHOLD/FAMILY AFTER JOINING SAT**

Women beneficiaries attested to the fact that their involvement with SAT had impacted positively on their household and extended family. They claimed that it has led to improved relationship with their husbands because they are in better positions to contribute towards the upkeep of their homes and children. Some responded that even if their husbands are not around and there is the need to cater for certain family emergencies, they are able to do so. For instance if any of their children are taken ill unexpectedly, they are able to send the child to the hospital for medical attention without waiting for the husband. As a result of this they claim that they have now become independent.

Also their husbands had realized the need to involve them in all decisions they took because they assist them financially in taking care of their families. Traditionally in Ghanaian setting, it is normally the responsibility of the husband to provide the housekeeping money called 'chop money'. This is the money that their wives use to cook for their families for the day and cater for other basic necessities. As a result of the money that they receive from SAT, the women beneficiaries stated that they are able to top up the housekeeping money provided by their husbands since it is normally not enough. This has earned them some respect therefore they have been allowed to take part in decisions concerning the household.

Due to the supportive role that they play they attested to the fact that feeding at their homes had highly improved. They affirmed they are now able to afford three square meals per day, cook what their families desire the most and eat nutritiously as well. A case in point is Madam Yaa Fosuaa who put it this way "*I am now able to cook some food for my children to take to school*".

They also claimed that, all their children who are of school going age have been enrolled in schools and they are able to provide them with their school uniforms and buy the necessary books for their education. As explained by one of the respondents, Madam Elizabeth Dapaah "*Due to the assistance that I have received from Sinapi, I have now been able to pay the admission fee of my first child into the Kumasi Polytechnic. Initially she had to stay at home for about a year after completing her senior secondary school education and I was therefore forced to send her to learn a trade, which she did not like*".

In response to a question on their involvement with SAT and its effect on the clothing of their children, they said that they are now able to clothe them well. They asserted



that if their children's clothing are getting worn out, they are able to buy new ones for them. They say they are able to do so because they are now in a better position and have the means to do so.

The respondents were also asked about the type of decisions that they deferred to other members of the household. This question was asked to ascertain the type of family decisions that the clients made on their own and those they shared with other members of the family. In response to this most of them answered that they did not defer any decision to anybody.

However a few responded that they deferred for instance the disciplining of their children to their husbands. In the Ghanaian setting this is not very strange since disciplining of children is left in the hands of men. Also since most of the clients were illiterates they deferred matters concerning academics of their children to other people such as teachers of their wards, other educated member(s) of their communities and so on when the need arises.

Due to the fact that beneficiaries have seen improvement in their household, they claim that their extended families now perceive them in a different way in terms of the economic standing. Some of the women are able to take care of their nieces and nephews in addition to their biological children. One of the respondents who is divorced said her extended family members do respect her a lot since she is able to take care of her children all by herself. The respect accorded to her stems from the fact that she does not rely on any family member for financial support as would have been in the case for most divorcees in the Ghanaian society.

Another client (Rose Antwi, 2007) also said *“because I joined Sinapi and doing well financially, my family members now call on me whenever there is a funeral at home and there is the need to make donations towards the purchase of drinks and other things for the funeral celebration. Aside this, they never take family decisions without involving me”*. It must be noted that being able to contribute towards funeral expenses is something that is very important to most Ghanaians especially people from the Ashanti region from where the client comes. However one person complained that due to the fact her family members perceive her as well to do, they tend to over burden her with their problems. She stated that, this is taking a toll on her.

#### **f. EFFECTS OF BENEFICIARIES ASSOCIATION WITH SAT ON PARTICIPATION IN COMMUNITY ACTIVITIES AND DEVELOPMENT**

On the community level respondents were asked whether their involvement with SAT had affected their involvement in community activities and development, 20 people constituting 50 percent of the respondents said their association with the organization had nothing to do with community activities and development. The other 50% made it clear that it had affected them either negatively or positively. A respondent Akosua Boatemaa who thinks her involvement with SAT has a negative effect on her involvement in community activities said *“I am not able to attend church meetings regularly because I have to work hard in order to get money to make repayments.*

Others also think that their involvement with SAT has gingered them to take part in community activities and development because they are now financially stable and can dress properly to such meetings and also contribute in cash and kind when the need arises.

Before respondents joined SAT only about 50% of them participated in community activities. Most of their involvements were centered on communal labour such as the clearing of bushes, waterways, carrying of sandcrete towards the construction of school blocks and so on which under normal circumstances is a must or compulsory in the Ghanaian society.

Lack of good drinking water, electricity and poor sanitation were some of the major problems respondents saw in their communities. As to whether their involvement in SAT had capacitated them to solve these problems as individuals or personalities, nothing noteworthy had been done by them. This can be attributed to Ghanaians apathy towards community problems. What they only do in their capacity is to talk to officials or other people in charge but as to whether something is done about the problem is a “big question to ask”

In addition, about 75% of the respondents said they do attend community meetings and that they are allowed to make contributions as and when the need arises. As to why they think they are allowed to make contributions during such gatherings, some responded by saying that in their various communities everyone is allowed to contribute or make the necessary interventions.

Some also think that it is because of the manner in which they relate to others in the community. Yet still, some also think that it is because of their association with SAT. One respondent Akosua Nyantakyiwaa says *“it is because of my economic standing in the community, in terms of the money that I have, I am always allowed to make contributions”*

#### **g. FOCUS GROUP DISCUSSION**

Although SAT has two loan facilities such as the individual and group loans, we realized that the Offinso Branch was mainly concentrated on giving out group loans to the women beneficiaries. In the focus group discussions it came out that, the women beneficiaries were happy with the group loans since it enables them to access loans by cross guaranteeing each other. However some of them would be happy with the individual loans since the group loans have some challenges.

They complained that some of their members after accessing the loans ran away with the money thereby leaving the burden of repayment on the rest of the group. This is because the loan of the defaulting member would have to be shared among the rest of the group members. This means that the client pays for her loan and interest in addition to the money owed by the defaulting member. This then tends to burden the other group members thereby worsening their situation.

Another complaint was that, although members know the due date for repayment, some members will have to be chased before they submit their monies for repayment.

For instance some members either leave for their farms or their businesses without even leaving their money behind to the group leaders when the loan is due for payment. Others too, after accessing the loans refuse to attend meetings.

## **CHAPTER FIVE**

### **5.0 ANALYSIS**

#### **5.1 Introduction**

Different people from different cultures perceive the concept of empowerment to mean different things. As a result some have opined that women can be said to be empowered when they are educated, when they have access to financial assistance for their needs and businesses, when women are allowed to express their opinions when the need arises among others. In our view there is indeed empowerment when there have been behavioural changes at the individual, family/household, community and enterprise level as argued by SEEP Network (2004:300). This means that there must be changes such as increased in savings, increased participation in decision making in the family and community matters, improvement in their business practice and the like.

In this chapter we will therefore like to assess whether there is a possible causal relationship between elements of SAT scheme such as financial assistance, business training, consultancy service and research and the empowerment of their clients as stipulated in our main objective in relation to the findings.

#### **5.2 RELATIONSHIP BETWEEN SAT SCHEME AND THE ROLE OF WOMEN IN DECISION MAKING IN FAMILY AND COMMUNITY**

Through this study we wanted to find out whether women beneficiaries are playing a major role in decision making in terms of feeding, clothing, and schooling of their children and involved in decisions pertaining to their various communities. It was realized that beneficiaries ability to acquire loans from SAT had a positive role in their decision making particularly at home.

The financial assistance received from SAT added to their working capitals leading to increase in their income levels after it had been invested in their businesses. This as a matter of fact gave women the opportunity to do things (such as adding to the chop money given by their husbands, clothing of their children and the like) which they could not do before acquiring the loans. They are now able to supplement whatever monies they receive from their husbands and also to take care of unforeseen circumstances.

This in our view or based on the model provided shows that women beneficiaries, both the educated and uneducated have seen changes in the family/household levels and are now playing a major role at the household level. In our view there is a causal relationship between elements of SAT scheme such as access to loans and empowerment. This is because the women would not have been able to do all these without the loans provided by SAT.

We say this because we see the women as being empowered because their husbands now see the need to involve them in whatever decisions pertaining to the household.

This has come about as a result of their being able to make contributions towards the upkeep of their families and therefore having earned respect from their husbands. By contributing to the household income the confidence level and self worth of these women tend to increase. Contributing towards the household income also increased the negotiating power of women beneficiaries within the family.

This is similar to a study carried out in connection with IFAD gender mainstreaming review. In this study it was found out that “women who generated increased income through self – help schemes reported that they had gained greater respect within the household, often with perceptible attitudinal change” (Kay, 2002:3). In another study by Ashe and Parrott (2001), the women’s empowerment project in Nepal has also shown that 68% of its clients has increased their decision making power in terms of buying and selling property, family planning, sending their daughter’s to school, negotiating their children’s marriage – all these decisions were traditionally performed by their husbands (as cited in ADITO 2005). Access to microfinance is therefore associated with changes in gender relationship within the household.

Women involved in decision making at the household level is also a positive sign since it ensures to some extent that, household incomes are not diverted to unproductive and harmful ventures by their spouses. This is due to the fact women are always to some degree interested in the promotion of the welfare of their families and are always against expenditures that will not lead to the well-being of their families since women by nature are very cautious.

However women’s contribution to the household income does not necessarily mean that, it will lead to total gender equality within the family. In the Ghanaian setting there are certain decisions which rest with the men. For instance the man decides on the number of children he wants to have. A woman therefore has limited say in the number of children she can have with the spouse especially in the rural areas. There is therefore somehow a limit to the type of decisions that women can partake in.

In other situations too, the woman trying to voice her opinion in family matters maybe misconstrued as being too unbecoming. This maybe due to the fact that, initially within the family setting this woman did not express her views on matters, prior to joining the microfinance institution. This may bring conflicts within the family. Some husbands may form the opinion that the microfinance institution is training their wives to question their authority in the home.

At the community level, we were expecting to find most of the clients partaking in decisions regarding their communities such as making the most concrete contributions and solutions to problems that they face in their communities. Our expectations were due to the fact that the organization claims to be interested in the holistic transformation of the beneficiaries therefore interested in changes in the social, political and economic lives of their clients as stipulated by their goal. This was emphasized by Mr. Akuoku Asamoah the Offinso Branch manager who stated that “*it is not just about giving the clients money but we are interested in how their lives have been transformed*”.

They therefore claim to train the beneficiaries in other services such as leadership skills which in their view boost up the confidence and initiative levels of their clients.

This was confirmed by the loan officers who alleged that they train clients in leadership skills concentrating on topics such as who is a good steward, good interpersonal relationship and the like. Though most of the beneficiaries interviewed did attend community meetings and made laudable contributions during such gatherings, they did not take it upon themselves to take the initiative in solving the community problems that they have identified. They normally left these in the hands of officials.

This in our view may be due to the fact that either the organization is not providing the right leadership training to the women beneficiaries to boost their confidence level, for them to take the initiative in solving pressing community problems or it may be due to the fact that the women are not taking the training seriously and are only interested in the monies they receive from SAT.

In our view therefore the organization must change its training procedure and put in attractive measures to motivate the clients to participate fully in its leadership training.

Another reason for the low level of participation of these women in community decisions is their preoccupation with household chores. Consequently even in situations where women maybe part of committees, it is the presence of men which would be felt since they are always free to attend meetings.

However the fact that the women are able to articulate their views in community gatherings is a positive sign that cannot be overlooked. Some of these women initially were afraid to even talk at such community gatherings.

### **5.3 ACCESS TO LOAN AND BENEFICIARIES SAVINGS AND INVESTMENT HABITS.**

In our view for someone to be classified as empowered the person must exhibit some behavioural changes at the individual level. Some of the changes that can be seen at that level will be the person's ability to save or increase their level of savings.

In the study we realized that women beneficiaries' ability to access loans from SAT had a positive relationship on their savings habits. Women beneficiaries who did not have the habit of saving before, are all now saving after joining SAT. This has been made possible because of the voluntary savings introduced by SAT. It is also due to the fact that women are able to earn more profit in their business. From our model, the ability of the women to save or increase their savings habits means that they have been empowered. However this is in contrast to a study carried out in Ethiopia where the number of voluntary savers is only 160000 as compared to a population over 18 million. This situation is attributed to the absence of aggressive promotional work (Gobezie, 2006: 23).

Through our study we can say that there is a causal relationship between the loans provided by SAT and women's empowerment. However a question that is lingering in our minds is that would the women have saved on their own volitions if SAT had not introduced its compulsory savings (which is a percentage of the loan deducted from

the monies given to the women to defray cost in case of default) and also not felt pressured into the voluntary savings scheme since they see every body participating.

We are also of the opinion there can be times when the women may forgo their own urgent consumption to satisfy the pressure to save. That is in order for these women to meet the conditions of this institution (that is by saving a percentage of loans); these women may forgo something that they are in dire need of. The opportunity cost of the savings will be the neglect of their own needs. This in a sense leads to disempowerment.

#### **5.4 ELEMENTS OF SAT SCHEME AND CONTROL OVER ECONOMIC RESOURCES.**

For someone to be classified as empowered, in our view the person must exhibit the characteristics of being able to have control over her economic resources. This means that the person must have the power to determine how to use the resources that she has acquired and that the money should not be put to use by a third person. This implies that the person has gained some level of confidence on how to use the resources at her disposal without depending on anyone.

As a result of the training that the women beneficiaries get from the SAT scheme such as basic record keeping and so on, it was realized that they gained some level of confidence and therefore most of them do not defer decisions concerning their businesses to third parties. They themselves are in charge of how to use the monies that they have received from the SAT scheme.

Also due to the fact that most of the clients' husbands do not meddle in the affairs of their wives businesses, they do not therefore determine what the monies should be used for. This has enabled the women beneficiaries to be in control over the loans that they have acquired and therefore determine how the loans should be used. This was similar to a study carried out on SHG (Self help group) bank linkage programme members in India, where almost 60% of the borrowers reported that they were responsible for the decisions pertaining to the purchase of their raw material and pricing of their products (Swain, 2007:17). Women of microfinance programmes being able to take control over their resources can be attributed to the services that they receive from these microfinance institutions.

#### **5.5 THE RELATIONSHIP BETWEEN SAT SCHEME AND THE CURRENT PARTICIPATION OF WOMEN BENEFICIARIES IN COMMUNITY ACTIVITIES AND DEVELOPMENT**

Another aspect which raised some concern was beneficiaries' inability to participate in community activities and development. This aspect of beneficiaries' life was not impressive as only 50% of them were actively involved in community activities and development as stated in the findings.

This raised much concern because these women were being trained to take up leadership roles and if only 50% of those interviewed involve themselves/participate

in community activities and development then it means that the organization is either not performing well in this aspect of their duty or the women are exhibiting the usual Ghanaian apathy towards community development. This is because the average Ghanaian is always looking up to authority to solve their problems instead of taking the initiative.

Another reason maybe that, the time frame within which the women have to re-pay back their loans is too short and is serving as a hindrance to their active involvement in community activities and development. This was actually confirmed by one of the clients who said she does not involve herself in community activities since she has to work extra hard so she can make payments within the given time period.

Beside these of the 50% who participate in community activities, it is normally compulsory for the members of the community to participate in these communal activities. Absenting oneself from such activities carry with it some sanctions, this normally forces them to take part. It can therefore be realized from the study that there is a weak link between elements of SAT scheme and women participation in community activities and development.

This is in contrast to other studies carried out in Sudan and Bangladesh. In these societies women's role has been circumscribed and the women previously had little opportunity to meet other women except for their immediate family. The women therefore joining other women in the microfinance institution has led to some significant changes in their lives (Lakshman, 1996 cited in Mayoux, 2005:12). These women who gain respect among their colleagues can serve as role model for others in their families and it has led to an influence in their male counterparts accepting the changes. Again in a study in Columbia at AGAPE, members of Las Américas Trust Bank a partner of Opportunity MFI in that country were able to negotiate and raise funds to bring electricity to their barrio (Cheston, 2004).

#### **5.6 ELEMENTS OF SAT SCHEME SUCH AS CONSULTING, BUSINESS TRAINING AND RESEARCH SERVICES AND ITS EFFECT ON BUSINESS MANAGEMENT AND DECISIONS.**

SAT provides services such as consulting, business training and research services to women beneficiaries. They all admitted to the fact that the basic book keeping taught them has gone a long way to enable them account for any cedi they deducted from their business account. The proper customer care they also offer their various customers is also providing the best help to their businesses by increasing their sales. This is because they are able to maintain their custom and these customers are also willing to do business with them.

Women beneficiaries association with SAT has affected their business activities. Most of them have now been able to diversify or ventured into other new businesses. This means that their association with SAT has affected their entrepreneurial abilities. An entrepreneur is considered to be the person who creates and develops new business of any kind. As stated in Bruyat and Julien (2000:171), "the entrepreneur is the individual responsible for the process of creating new value".



If as a result of their association with SAT these women have been able to diversify their products into new areas, we will say that there is a causal relationship between elements of SAT scheme and women empowerment. This is because the entrepreneurial capabilities of these women have improved, meaning there has been changes at the enterprise level. These women confidence level has seen some improvement and they are therefore not afraid to take some risk, which is one of the traits of an entrepreneur.

This confirms the study by (Skarlatos, 2004:24), which emphasised that microfinance institutions are not only concerned with the provision of credit facilities but also involved in business training such as basic accounting, bookkeeping, introducing their clients to new business opportunities and the like. This in a way has helped in the business management and development of the women clients by helping them diversify their products, increase the supply and quality of the products they offer for sale.

### **5.7 THE RELATIONSHIP BETWEEN THE SAT SCHEME AND CHANGES IN THE LIVING CONDITIONS AND WELFARE OF BENEFICIARIES**

In our view a person is deemed empowered if that person experiences behavioural changes at the individual level. Therefore if there are improvements in the living conditions of the women beneficiaries, it can be said that the women have achieved some level of empowerment. As a result of the interviews that we carried out with the women beneficiaries, the women reported of improvement in their living conditions. Since the women have direct access to the loans, they are able to decide what the loans should be used for. The women beneficiaries reported that they have been able to invest the loans that they received from SAT into their businesses.

The access to these loans has a multiplier effect since it enables them to expand their businesses which in effect have a positive influence on their profit margin and the living conditions.

As a result of the profits accruing to them, they said that they are now able to meet their basic needs and family needs which they previously could not meet. The women are now able to increase the amount of money they spend on the well-being of themselves, their children and their husbands. For instance as commented by some, they are now able to cook nutritious food for the family and at the same time cook the food their children desire. This means that the women have achieved some level of independence and therefore do not solely rely on their husbands to meet their basic needs since there has been improvement in their well-being. In our opinion there is a causal relationship between elements of SAT and empowerment of women beneficiaries.

However it has been realised in other studies that in order to increase their profit margin; some women become over burdened with work especially in situations where they do not have other hands to help in taking care of their young ones and the vulnerable within their families. There are times too where if women do not have other alternative services to cater for domestic work, some of them fall under much pressure to the detriment of their health status. There are some situations too where

daughters are withdrawn from school to help the mother in her business operations (Mayoux, 1999 cited in Mayoux, 2005:11).

This implies that instead of the access to microfinance improving the welfare of women it rather makes them worse off. However this was not the case with the SAT beneficiaries in Offinso District since most of them reported that their husbands help them with the household chores.

In certain situations too the increased in women's contribution to household income could imply that the men have reduced their contribution towards the household income and are diverting their income towards other unnecessary or prestigious goods (Mayoux, 2005:11). For instance some husbands may choose to spend on their girlfriends, indulge in other unproductive social activities (going on drinking spree) to the detriment of their household. Unfortunately, we do not have data to substantiate whether this situation was happening or otherwise in our study area.

Beside these some husbands are also not comfortable with their wives having some source of income since they are afraid that these women will throw their weights about in the house. In certain situations whilst some husbands will welcome the independence of their wives since they will not always come to them for money, others will not be so enthused about it for fear that their wives will not accord them the necessary respect. Being respected by their wives is very important to African men and the Ghanaian man is no exception. Unfortunately in our study we did not interview the husbands of beneficiaries, so we do not know their views on the independence of their wives.

What must also be realized is that it is not automatic that once a woman joins microfinance institution it will lead to the individual's economic empowerment. There are certain instances where the monies that have been accessed by these women have been misappropriated and it becomes difficult for these women to repay leading to a situation where they become overburdened/worse off as a result of the debt. As argued by Mayoux (2005:12) "the evidence therefore indicates that the contributions of micro-finance per se to women's empowerment can not be assumed and the current complacency in this regard is misplaced". For instance in our study area one woman beneficiary complained that after accessing the first loan she became sick. Consequently she used the money for medical bills and was left with the repayment of loan and interest after not using the money for any economic activity that could have earned her some profit. In this situation she felt undue pressure to raise money to repay the loan she accessed.

## CHAPTER SIX

### 6.0 CONCLUSION

The role that microfinance institutions such as SAT are playing in the empowerment of their women beneficiaries can not be over emphasized. This is because microfinance is ensuring that the poor women who hitherto did not have access to credit through traditional banking system due to certain conditions, can now have access to finance for their businesses.

Poor women associating themselves with microfinance institutions lead to a situation where they experience behavioural changes at the individual, family/household, enterprise and community levels. Access to microfinance ensures that poor women in Offinso are enabled to make choices in their everyday life. Some of the changes that are seen are increased in the savings level of these beneficiaries, improvement in the living conditions of beneficiaries, changing's in the enterprise level of beneficiaries (for instance diversification of their businesses, good business practices), control over economic resources. There is also the improvement in the well – being of their household since the women tend to spend more of their income on their household. Empowerment of these women in various aspects of their lives has a multiplier effect since it will ensure development of the nation. This is due to the fact that these women will now be able to contribute towards the nation's economy.

However what must be realized is that access to credit alone is not a panacea for the empowerment of women. This is due to the fact that it is not all women who have access to the loans who use it for the betterment of their families. Others tend to mismanage the money by spending on expensive clothes and the like. Therefore if the monies acquired are not used efficiently, empowerment can not be achieved.

There are times too, where poor women who are supposed to benefit from the services from microfinance services institutions are rejected for the fear that they could not pay these loans. Their fellow women based on their own criteria may refused these women from joining them, thinking that they may not be able to pay back the loans they have accessed. This is not fair since their being discriminated against does not stem from the microfinance institution who are granting the loans based on their professional standards but their fellow colleagues. This means that the very poor women who are supposed to benefit from the services of microfinance are not reached. Therefore microfinance institutions claiming to reach the poorest of the poor have its limits. There were instances of such situations in the Offinso district.

It was realized also that the microfinance institution does not take responsibilities when a member defaults in payment with respect to the group loans. The burden is therefore shifted to other members of the group thereby worsening their situation. This is because these women pay their loans and interest in addition to the loans and interest of the defaulting member. In this case instead of the access to the credit helping these poor women to improve upon their circumstances, they become worse off.

In addition to these, in the study it came to fore that there are some lapses with regards to beneficiaries involvement in community activities and development , an extra effort by the organization in intensifying their training in leadership roles and changing of repayment duration of loans as suggested by some beneficiaries can in one way or the other be a strategy to encourage empowerment at the community levels since women beneficiaries would now be in a better position to involve themselves in matters concerning their communities. If women are also given the chance to access more individual loans with higher amount of money, it would enable the empowerment of the women much faster.

Though SAT through its services is doing its best to provide women beneficiaries the necessary assistance to better their lot. It was realized that they use the same procedure in servicing their clients all over the country. Efforts should therefore be made to ensure that they take the culture of the women of Offinso district in consideration and faction out specific products that will address/ meet the very needs of these women beneficiaries.

Since our study was carried out in a single district the findings cannot be generalized for the whole country. Notwithstanding these it was realized that there is a causal relation between elements of SAT scheme and women empowerment. A further study can be carried out to see which of their facilities facilitates faster the empowerment of women.

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**APPENDIX I**

**THESIS TOPIC: THE ROLE OF MICROFINANCE IN THE EMPOWERMENT OF WOMEN. (AN EXAMPLE OF SINAPI ABA TRUST, GHANA).**

**QUESTIONNAIRE FOR LOAN OFFICERS**

**Demographic characteristics**

1. Name:
2. Age:
3. Sex: a, Male..... b. Female.....
4. Marital status:  
a. married..... b. Single ..... c. divorced..... d. widowed.....  
d. never married ..... e. not formally married but living together.....
5. When did you start this work? .....
6. How many loan beneficiaries (both individual and groups) do you handle?  
.....
7. How many people do you attend to in a day? .....
8. Of this how many are women? .....
9. How many of them are men? .....
10. Do you provide business advisory services to your clients? A. yes..... b. no.....
11. if yes, what are some of the topics treated?  
.....  
.....  
.....  
.....
12. Do you take your clients through some social issues? A. yes..... b. no.....
13. if yes, please indicate some of the areas covered?  
.....  
.....  
.....
14. Do you have a group made up of men and women? A. yes..... b. no.....
- 14a. if yes, how many of the chairperson's are women? .....
15. Do they receive any leadership training? A. yes..... b. no.....
16. What are some of the topics treated?  
.....  
.....  
.....
- 16a. how would you assess their performance in this role as against their male counterpart?  
.....  
.....
17. How would you define empowerment?  
.....

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

18. Would you say that the women who have accessed your facility have been empowered? Yes..... No .....

19. If yes, what kind of changes do you see? Or what are the indicators?

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

20. If No, why?

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

21. What kind of problems do you encounter in handling the beneficiaries?

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

22. In your opinion how can it be solved?

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

23. What are some of the complaints that you receive from the women as regards their business activities after accessing the loans?

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

24. What are some of the complaints you receive from your clients as regards their relationship with their husbands after accessing the loan?

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

25. What are some of the problems the women encounter with their household after accessing the loans?

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

Thank you

**APPENDIX II**

**QUESTIONNAIRE FOR WOMEN BENEFICIARIES**

**A. Demographic characteristics**

1. Name: .....
2. Age: .....
3. Religion: a. Christian..... b. Moslem.... c. traditionalist ..... d. others (specify) .....
4. Residence: a. Rural ..... b. urban.....
5. Marital status: a. married.....  
b. Single ..... c. divorced..... d. widowed.....  
e. never married..... f. not formally married but living together .....
6. Who is the principal breadwinner for your household?
7. How many dependents do you have?.....

**Members of the household**

Age	Attending School	Not attending school	Level

8. Type of business: a retail..... b. food service..... c. service (other than food service) ..... D. production e. agriculture..... f. others specify.....
9. Place of sales: a. fixed location.... b. mobile business..... c. sales according to order ..... D. other specify .....

**B. Access to financial Assistance**

10. What financial assistance is available to you for your business operations?  
a. Commercial banks.... b. Rural banks. C. Informal money lenders (i.e. family and friends, susu collectors, etc) .....  
d. microfinance institutions..... e. other (specify).....
11. Of this, which do you prefer and why?  
.....  
.....  
.....  
.....

**C. Affiliation with SAT and Business**

12. When did you join Sinapi Aba Trust (SAT)? .....
13. How did you hear about the operations of SAT?  
.....  
.....  
.....
14. What motivated you to go for the loan in the first place?  
.....  
.....

15. Before joining SAT were you involved in any business activity? A.yes..... b. no.....

16. if yes explain the type of business you were involved in?

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

17. How did you manage your business before joining the program?

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

18. What type of loan facilities have you received from SAT so far? A. individual ..... b. group.....

19. How much do you get from SAT for your business operations?

Cycle	Loan Amount
1	
2	
3	

20. Who make decisions about how to use the money? a. myself..... b. husband..... c. myself and husband..... d. relative..... e. friends.....

21b. what kind of business decisions do you defer to other people? and who?

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

22. Are you behind in payment? A. yes..... b. No.....

22a. If yes, what are the causes?

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

23 Has the loan affected your working capital? A. yes..... B. no.....

23a. If yes, has the increased in your working capital affected your economic condition or well-being? A. yes..... b. no.....

24 if yes, what changes have occurred?

Cycle	Changes
1	
2	
3	

25. if no why?

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

26. Would you say that the loan facility that you get is enough for your business operations? A. yes..... b. No.....

27. If no, what do you suggest can be done about it?.....

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

28. Are the conditions of the loan favourable to you? a. yes..... b.  
no.....

28a. If yes,  
why.....

.....

28b. If no, what are some of the problems you encounter?  
.....

.....

.....

29 How can these problems (if any) be  
solved?.....

.....

.....

30. Apart from the money do you get any other form of assistance from SAT? a) Yes  
..... b) NO.....

31. If yes, what are some of the assistance?  
.....

.....

.....

32. How beneficial has some of this assistance been?  
.....

.....

.....

33. What impact has the assistance that you have gotten had on your neighbours (non  
client of the scheme)?  
.....

.....

.....

33a. What has their relationship with you been like?  
.....

.....

.....

.....

.....

35b. if no,  
why?.....

.....  
.....  
.....  
36. What effect has your involvement with SAT had on your savings habit?.....  
.....  
.....

37. Have you at any particular time resorted to the use of your savings to service the loan? A. yes..... b. no.....

38. What negative effect has your involvement with SAT had on your business operations?.....  
.....  
.....

39. What effect has your access to loan had on your relationship with your business partners (suppliers/customers)?  
.....  
.....

40. Has your involvement with SAT affected your investment decisions? A. yes..... B. No

40a. if yes, how?  
.....  
.....  
.....

.....  
**c. Household/ Family**

41. Has your involvement with SAT in anyway affected your relationship with your household (especially your husband) in terms of decision making? Or would you say that your association with SAT has affected your role in the family? a.

yes..... b. no.....

41a. if yes, how  
.....  
.....  
.....

42. What type of decisions did you make about your household?  
.....  
.....  
.....

43. What type of decisions do you defer to others in the household?  
.....  
.....

44. Has your involvement with SAT had any negative effect in your relationship with your husband and your household? A. Yes..... B. No .....

41a. If yes,  
 how?.....  
 .....  
 .....

44b. If no, why?  
 .....  
 .....  
 .....

45. Have you been contributing to the household income? A. yes..... b. No.....

46. If yes, when did you start?

46a. in which form do you contribute? - a. food..... b. children's clothing.....  
 c. children's education.....d. others (specify).....

47. After joining SAT has there been any change? A. yes.... B. no.....

48. Has your involvement with SAT affected your household for instance

item	Highly improved	improved
Food		
Children's clothing		
Children's education		
Others (specify)		

49. What do you family say about you now, after joining the program?  
 .....  
 .....  
 .....

**d. Community Participation**

50. Has your association with SAT affected your involvement in community activities and development?

50a. yes,  
 how?.....  
 .....  
 .....

50b. no,  
 why?.....  
 .....  
 .....

51. Before joining the programme, what role or activities did you participate in within the community?  
 .....  
 .....

52. What type of problems do you see in your community?  
 .....



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

53. In what ways did you try to solve these problems?.....  
.....  
.....

54. Do you attend community meetings? A. yes..... b. No.....

55. Are you allowed to make contributions during such gatherings? a. Yes..... b. No

55a. If yes, why do you think you are allowed to do so?.....  
.....  
.....  
.....

56b. If no, why are you not allowed to do so?.....  
.....  
.....  
.....

57. What effect has your association with SAT had on your extended family (in terms of when a problem arises or in decision making)?.....  
.....  
.....

58. Where do you see yourself in the next five years?  
.....  
.....  
.....

Thank you

**APPENDIX III**

**FOCUS GROUP DISCUSSION**

1. What kind of person were you before joining the program?.....  
.....  
.....
2. What kind of decisions did you make about your household?
3. What kind of decisions did you defer to other members of the family?
4. What did your family/household members say about you?
- 4a. After joining the program, what is your role in the family now?
5. Did you have a business before joining the program? If so, explain? .....
6. How did you manage your business?  
.....  
.....  
.....
7. What goals did you have for your business?  
.....  
.....
8. What kind of business decisions do you defer to other people? Who?  
.....  
.....
9. What did your customers say about you?  
.....
- 9a. After joining the program, what kind of person are you now in your business?
10. What kind of person were you in the community?  
.....  
.....
11. Before joining the program, what activities did you participate in within the community?  
.....  
.....
12. What kind of problems/constraints did you observe in your community?  
.....  
.....
13. How did you try to resolve these problems/constraints?
14. What role do you play in the community now?.....  
.....

Thank you