

UNIVERSITY FOR DEVELOPMENT STUDIES

RURAL BANKING AND WOMEN'S SOCIO-ECONOMIC EMPOWERMENT IN GHANA: THE CASE OF THE WENCHI RURAL BANK

BY

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DECLARATION

I hereby declare that this thesis is the result of my own research work towards the Master of Philosophy in Development Studies Degree under the supervision of Professor A. Atia Apusigah. It contains neither materials previously published by another person nor materials which have been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

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ABSTRACT

Available studies suggest that there is still little primary data in the Ghanaian context to show whether rural banking activities hold any prospect for women's socio-economic empowerment, hence the need for this study to assess the efficacy of rural bank's credit in empowering women in the research area. The objective of the research was to find out whether women can be empowered in the process of accessing and utilizing the rural bank credit in their socio-economic activities. The theoretical frameworks used for assessing the impact of credit activities on empowering women were drawn from several frameworks including Longwe's (1994) Women's Empowerment Assessment Framework. Both qualitative and quantitative methods used which involved in-depth interviews, personal observations and focus group discussions. Also both qualitative and quantitative techniques were employed in the analysis of the data. The findings indicated that clients had significantly improved their status economically and socially. Economically, the findings revealed significant increase in their working capital, profit of beneficiaries and savings were also made as they engaged in the income generating activities with the micro-credit. Socially, the findings showed beneficiary increased participation in decision-making, gained control over and access to resources as well as increased self-confidence as they could participate in intra-household decisions. It had revealed that the rural bank's micro-credit has had positive impact on respondents' socio-economic empowerment. However, challenges were inevitable as beneficiaries mentioned household emergency and domestic workload, delay disbursement of loans, high interest rate, limited market size, poor management, others as challenges they encountered. In order to sustain the programme impact on clients, there is the need for rural banks to establish a solid link between micro-credit products and formal personal loan facility such that beneficiaries can graduate successfully into the



mainstream banking or individual credit for continue access to financial services for their businesses.



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DEDICATION

I dedicate this work to my lovely wife Ophilia Dery and children; Saasoti Christopher and Nortaa Nancy as well as my step mum, Mrs Badpolle Puo-ude for their massive support and encouragement given to me to complete this course.



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LIST OF ACRONYMS

ARB	Association of Rural Banks
ASCAs	Accumulating Savings and Credit Associations
BoD	Board of Directors
BoG	Bank of Ghana
BPFA	Beijing Platform for Action
CEDAW	Convention on the Elimination of All Forms of Discrimination against Women
CUA	Credit Union Association
FGM	Female Genital Mutilation
FNGOs	Financial Non-Governmental Organisations
FINSAP	Financial Sector Adjustment Programme
GHAMFIN	Ghana Microfinance Institutions Network
GoG	Government of Ghana
MAs	Management Agencies
SGDs	Sustainable Development Goals
NBC	National Bank of Commerce



NBFIN	on-Banking Financial Institution
NGOs	Non Government Organisations
NMB	National Microfinance Bank in Tanzania
RCBs	Rural and Community Banks
SAT	Sinapi Aba Trust
SEWA	Self Employed Women's Association
S&L	Savings and Loans
SPSS	Statistical Package for the Social Scientist
UN	United Nations
WOCCU	World Council of Credit Unions
NMB	National Microfinance Bank in Tanzania
NBC	National Bank of Commerce





CHAPTER ONE

INTRODUCTION

1.0 Background

It has been realized globally that a failure to pay closer attention to the differentiated positions of women and men in society in terms of resource allocation, human rights and opportunities in formulating policies and designing projects can have adverse effect on development outcomes (Islam, 2006). Feminist advocates argue that development cannot be effective and efficient if women are left out in the development process (Islam, 2006; Mayoux, 1999). Women's empowerment has become a developmental issue in recent times in both international and national circles. Woman's socio-economic empowerment has been considered as an important strategy for guaranteeing families' secure livelihoods and overall well-being. Empowering women economically can have a positive impact on women, and also be able to interconnect with their social and political empowerment through their status and self-confidence as well as enhance their decision-making power in households, communities and the nation at large (Carves, 2009; Kabeer, 2002, 2005; Charmes and Wieringa, 2003; Longwe, 1994, 1997).

Gender equality is one of the prerequisites for poverty reduction which has further recognized by the world leaders who agreed to a set of time-bound and measurable goals and targets which are called Sustainable Development Goals (SDGs) with which UN member countries are tasked to work towards achieving them by 2030. These SDGs, seventeen in number, which some of them are zero hunger and poverty, gender equality, peace, justice and strong institutions, decent work and economic growth and others. A strong case has been made about these SDGs for addressing women's socio- economic challenges – namely gender equality and eliminating poverty and hunger that may culminate in



achieving these SDGs. Another argument for pursuing the goal of women's equality and empowerment is the fulfilment of internationally agreed human rights treaties such as the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the Beijing Platform for Action (BPFA), 1995, which Ghana is a signatory.

Ghana like many developing countries is also going through a difficult time in its socio-economic transformation but with a determination to achieve the best for its women. Governments of Ghana have instituted a number of institutional frameworks, passed legislations and ratified various conventions and treaties that seek to promote the rights of women and to ensure their development in a coherent manner. Specific programmes have been designed to implement many of these Conventions and Treaties, some of which have been adapted into various national development policy frameworks with specific strategies and time-bound measurable targets. Ghana has also adopted a number of institutional frameworks to address women's issues. For instance, the government of Ghana by executive instrument (EI) 8 in January 2001 established the Ministry of Women and Children's Affairs now Ministry of Gender, Children and Social Protection (Addo, 2010).

Ghana has made a tremendous effort in the legal reforms to address important issues affecting the development of women including constitutional provisions on gender equity under the law and the revision of Criminal Code of 1960 to criminalize harmful traditional practices, such as ritual servitude, female genital mutilation (FGM), forced marriage and wife beating among others that are perpetuated against young women and girls. As a solution to the problem of maternal health in the country, the Government of Ghana introduced free maternal health care to accelerate actions to address maternal mortality (Impact, PRB, 2007).

Globally, women contribute in a multitude of ways through different livelihood strategies to lifting their families and communities out of poverty (FAO, 2011). Studies show that women, especially rural





women work for long hours but many of their activities are not defined as economically active employment in national income accounts, but are essential to the well-being of their house households (FAO, 2011). Women also constitute a significant proportion of labour force on their family's farms or other activities; whether producing for household consumption or commercial purpose or both (UNIFEM, 2005). This actually shows that women's contribution to the national development is not much recognized.

Many development policies and programmes have always been implemented with a focus on addressing practical gender needs to improve women's lives. However, these policies and programmes have paid little attention to women's strategic gender needs which could change the patriarchal society, a cause of gender inequality (Apusigah, 2004). Any intervention that would tackle the elimination of the patriarchal nature of our society may be able to bring about a significant change in women's social status. Development programmes should aim at raising women's consciousness about gender subordination and create circumstances where women enjoy freedom of mobility and independent mind to take decision affecting their lives so that they can participate in active economic activities and be able to express their opinion in national issues. However, Momsen and Townsend (1987) argue that most development programmes focus primarily on economic growth and undermine social development. Development which based on economic growth only focuses on the material needs of the individuals but does not consider much of the gender relations within the socio-cultural formation, which systematically being the source of women disempowerment in society.

A development intervention such as financial intermediation in the rural settings is emerging as a powerful instrument in alleviating poverty in the developing economies thereby empowering the poor. Meeting the financial needs of women may strengthen their collective self- help capacities leading to empowerment. Mayoux (1999) noted that increasing women's access to micro-credit has the tendency



to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and on the wider scale, on the social and political empowerment for women themselves, thereby addressing the goals of gender equality and empowerment. Beyond increased opportunities and income, credit programmes are believed to engender self-confidence and a culture of independence such that women are able to believe in their own agency to significantly improve upon their lives.

Many debates have been centred on women's empowerment through credit programmes (von Bulow, Damball and Maro, 1995); as cited in Akhter (2003). In recent years, micro-credit activities have become a central part of many development organizations and are incorporated into their policy approaches targeting women. Women's access to financial services may lead to economic empowerment, through increased participation in economic activities that may raise women's incomes or their control of their own resources. The combination of women's increased economic activity and increased decision-making in the household can lead to wider social and political empowerment.

To make financial service accessible to the under-served rural communities in Ghana, the first rural bank was established in 1976 as a copied model from Philippines by the government of Ghana through the Bank of Ghana (Ajai and Azeb, 2010). Rural Banks are unit banks which are owned through the purchase of shares by residents in the communities. Some of the basic functions of rural banks are to mobilise savings and extend credit to deserving customers in the areas of their operation. It is also the belief of the Central Bank that through their financial intermediation roles in the rural areas, rural banks will act as catalysts to economic development in rural Ghana (Association of Rural Banks, 1998). Rural development is a strategy intended to improve the economic and social life of the rural poor (World Bank, 1975).

Ghana's rural banking system since its inception in the 1970s has increased access to financial services for rural under-served populations. The focus of the banks on women is laudable because historically,

women though outnumber men in the general population but have been marginalized economically and socially. This situation has affected their socio-economic status. This study was intended to assess the operation of the rural banks in rural Ghana to determine whether through their credit programmes, they have been able to bring about significant socio-economic impact on the women, using the Wenchi Rural Bank as a case.

1.1 Statement of the research problem

It is believed that socio-cultural beliefs and other impediments have long been the limitations to women's participation in the economy and their access to resources for development, especially in developing countries (Ablorh, 2011). However, there is general consensus that in order for women to play a meaningful role in economic development, they must be empowered both at the economic and social level. One way of empowering women is to make financial services such as credit easily accessible to them to finance their economic activities. In an attempt to realize this objective, a number of policies were implemented by various governments in collaboration with other stakeholders aimed at helping women to access funds to expand and start their businesses. Despite these efforts made by the governments, some NGOs and financial institutions in extending financial services to women, majority of them, especially rural women are still facing with grave challenges in accessing funds for their enterprises. Women's constraints to financial services are said to be partly due to their heavy domestic workloads; high rate of illiteracy among women, lack of resources to use as collateral for loans and their limited roles in household decision-making among others (Asiedu-Mante, 2011).

A major challenge of accessing financial services in rural communities have been the absence of financial institutions which are close enough and meet their specific needs. This is because more often than not commercial banks do not bother to reach out to the rural people as they consider these areas as impoverished with little profit potential, lacking economies of scale and poor infrastructure.



Commercial banks therefore concentrate on their richer clients in cities and towns where they can undertake larger transactions and meet the credit requirements.

Prior to the formal banking systems in Ghana, many people, mainly women and those in rural communities relied heavily on informal banking services and the semi-formal savings and loans schemes (Botei-Doku & Aryettey, 1996). Traditionally, rural development credit in Ghana has been provided by two types of sources: institutional and non-institutional. In rural communities, non-institutional credit is provided by moneylenders, relatives, friends, traders, commission agents, cooperatives, consumers, distributors of farm inputs, and processors of agricultural products (FAO, 1994). However, this credit market is small and the total credit from these non-institutional sources is insufficient to implement rural development programmes.

To overcome these difficulties, the government of Ghana introduced the idea of rural banking in the country in the 1970s with the basic functions of the mobilisation of savings and the extension of credit to deserving customers in their areas of operation. The operations of rural banks are mainly focused on income generating activities by advancing loans to its customers, especially, women to help them start up or improve upon their own businesses. Some studies conducted on the impact of rural banks on the rural economy, especially agriculture, the evidence showed that rural banking has positive impact on farming activities (Obeng, 2008). But normally these findings indicate aggregated effects on rural dwellers without disaggregating the effect on the basis of gender. Also, available literature suggests that there is still little primary data in the Ghanaian context to show whether rural banking activities hold any prospect for women's socio-economic empowerment (Asiamah and Osei, 2007). Though evidence in countries like Bangladesh, India, Malaysia and others have shown positive findings of bank credit on women's empowerment, this may not be case in Ghana because of culture and economic environmental differences. Banking services such as credit as a mean of empowering the poor is still a





debatable issue. There have been some contradicting findings on the use of credit for empowering the poor (Goetz and Gupta, 1996; as cited in Akhter (2003). On advancing credit to the poor, some studies reveal that credit to the poor is a useful tool for empowering them. For instance, a study on Grameen Bank suggested that women participants in credit programmes were more conscious of their rights, better able to resolve conflicts, and have more control over decision making at the household and community levels (Akhter, 2003). Increases in income also lead to improvements in autonomy, enhanced self-worth and self-confidence in participants. However, some other research questions these positive findings. Kerr (2002) as cited in Asamoah (2002) argued that micro-credit could sometimes increase women's disempowerment through higher debt and work burdens since credit by definition is a liability that must be paid by all means. There is also a debate over the category of the poor that the credit helps; whether credit helps the abject poor or economically active poor. Robinson (2001) argues that neither credit nor savings accounts are appropriate for the "extremely poor" households, instead, job creation, skills training, and provision of adequate water, medicine and nutrition are suggested for the poor. It therefore stands to reason that whether providing savings and credit facilities to the very poor woman in rural areas makes sense. These studies could not indicate how the credit programmes operated in different cultural environment can empower poor. There has also been some concern in the area that women go for the loans but it is men who keep it due to the cultural stereotype. The problem that engages the attention of this research therefore is that, most women borrowers are not the direct benefactors of the credit granted to them, instead, the women seem to serve as mediators between their male household members and the banks. It is also asserted that microcredit is not primarily used for the purposes of investment but for consumption and social activities. This study seeks to contribute to the debate on the efficacy of bank's credit as a strategy for empowering the poor in the context of

Ghanaian's culture. Thus this study has sought to understand the nature of the relationship between rural bank credit activities and the socio-economic empowerment of women.

1.2 Research Objectives

1.2.1 Main Research Objective

The main objective is to find out whether women can be empowered in the process of accessing and utilizing the Wenchi rural bank's credit in their socio-economic activities.

1.2.2 Sub Research Objectives

1. To determine the ways that bank's micro-credit scheme targets women's socio-economic activities.
2. To find out whether or not the bank's micro-credit scheme contributes or not to women's socio-economic empowerment.
3. To assess the level of socioeconomic empowerment derived from the micro-credit scheme of the bank and how it benefits women.
4. To find out the facilitators and/or challenges and how they might be mitigated.

1.3 Research Question

1.3.1 Main Research Question

The main question for this research is: Can women be empowered in the process of accessing and utilizing the Wenchi rural bank's credit in their socio-economic activities?

1.3.2 Sub Research Questions

1. What ways does the Wenchi rural bank's micro-credit scheme target women's socio-economic activities?



2. How does the bank micro-credit scheme contribute or not to the socio-economic empowerment of women?
3. What is the extent or level of socioeconomic empowerment derived from the micro-credit scheme of the bank and how it benefits women?
4. What are the facilitators and/or challenges and how might they be mitigated?

1.4 Significance of the Study

The findings of the study will serve as the basis for further research in this area. The study also adds to the already existing stock of knowledge on women empowerment thereby revealing if rural banking is a panacea to women's economic empowerment and for that matter alleviating rural poverty. The findings can also be useful for policy makers and gender activists in their endeavours to address gender issues. Also, it is envisaged that the result of this study will help to create awareness on the function of the rural banks and other microfinance institutions that operate in the rural areas to the people of Ghana and policy makers. This study will also enable rural banks to adopt strategies which will help them achieve the objectives of women socio- economic empowerment by helping them to reduce poverty in rural Ghana.

1.5 Operationalisation of Key Concepts

In social science investigation, each variable should be measured. The process of arriving at a measure for the variable is the operationalisation. In social investigation, each variable has to be defined in order to recognize and understand it when we see it in the data (William, et al 1977). Women's socio-economic empowerment is based on certain indicators which are measurable. However, there are many ways of measuring empowerment. The dictators that were adopted in this research to measure women's socio-economic empowerment by the bank credit are: (a) control over and access to resource; (b) self-



confident; (c) participation and (d) women involvement in economic activities and which activities they engaged as they become the bank's clients. These operational terms are defined as;

1.6.1 Control over and Access to Resource

Control over is defined in this research as women control over their credits, earning, savings and expenditure. Control over in term of self-reliance means women can support themselves without their husband's. Control as decision making depends on who has the final say in making decisions about a variety of issues in the household.

Access to resources (credit) is defined in this research as women are able to obtain credit without male consent or consultation. In operational terms access to resources does not necessarily imply the power to control them (Overholt, Cloud, K, Anderson, M., & Austin, 1991).

1.6.2 Participation

Women's participation will be measured in the decisions taken in the household level concerning children education, health and any business activities. At the community level of women's participation in group level discussion. Women must be diagnose what they needs and want at both house and community levels.

1.6.3 Microcredit

Microcredit is recognised as the practice of offering small, collateral – free loans to members of cooperatives who otherwise would not have access to the capital necessary to begin small business (Hossain, 2002). Microcredit is defined as the provision of small-scale financial services such as credit, savings and other basic financial services to poor and low-income people who have no access to



traditional financial resources. Micro-credits are usually secured through mutual guarantee of solidarity groups as a collateral security. Through microcredit, poor people can have adequate access to credit for various reasons; notably, their lack of collateral, the perception that poor people are bad credit risks, and the typically higher transaction costs associated with small loans. Such loans are used for various purposes, including investments in micro enterprises and petty trading activities and agricultural production.

1.6.4 Women

For the purpose of this study, women here are referred to those women, who are clients to Wenchi Rural Bank especially, those who benefited from the bank's micro-credit schemes for at one year or more.

1.6.5 Socio-economic Activities

Assessing women socio-economic activities means assessing increase in income, decision-making concerning resources and women's children education and health care as the 'achievements' indicated in Kabeer's empowerment model. Also women participation in group support/peer solidarity training in business and leadership skills, inculcating the culture of saving by credit schemes, confidence and capacity building. Kabeer (1998) argued that women find their sense of self-worth in their economic performance when they invest in their own enterprises outside the homestead and are able to turn from the demeaning forms of domestic work and perform waged labour. Consequently, there is the need to assess what new areas of economic activities are addressed by the Wenchi Rural Bank programme for rural women in its catchment.

Diversification of economic activities is regarded as an important livelihood strategy. To reduce vulnerability, the poor endeavour to diversify their income sources. It was therefore expected that service users with multiple business ventures would have more positive business outcomes.



1.6 Organisation of Chapters

This study composed of five chapters. Chapter One introduced the topic and provided the background to the study. It covered the statement of the problem, the research objective and research question. It ended with the significance of the research, operationalisation of the key concepts and the organisation of the chapters. Chapter Two focused on the literature review which included the rural banking and women's empowerment. Chapter Three looked at the research methodology that was applied to achieve the studies objectives. This looked at the research design, target population, sampling procedure, sample size, source of data, instrument and data collection procedure, questionnaire, data analysis and presentation and ethical consideration. Chapter Four was devoted to presentation and discussion of the results and finally, Chapter Five focused on the summary of the key findings, conclusion of the study and recommendations.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The literature review had been conducted under two major captions: rural banking and women's socio-economic empowerment. The first section which focuses on rural banking covers aspects such as the need for rural credit and regulatory framework and structure of financial institutions in Ghana. The section also looks at rural banks and credit schemes, rural financial service providers and the operations of rural banks. The section ends up with the discussion of why women are targeted with financial intervention. The second section discusses the women's socio-economic empowerment; the concept of power and empowerment which include empowerment as outcome and as process. A raging debate on credit and woman socio-economic empowerment, the analysis of women's socio-economic activities and status of women in our social structure are also discussed in this section.



2.1 Rural Banking

Robinson (2001) and Vincent (2004) note that about 90 percent of the population in developing economies lack access to financial services from formal financial institutions. In Africa, rural areas suffer from financial exclusion and for the sub-Saharan Africa; about 70% of the population live in rural areas and the majority are poor. The rural areas remain excluded from participating in the mainstream of the economy due to their inability to mobilize cheap financial resources, makes it difficult for them to improve their livelihoods (Chen and Ravallion, 2007; Matunhu, 2012).

Rural and community banks (RCBs) in Ghana are network of 137 independent unit banks as at 31st January, 2013 (Bank of Ghana, 2013). They are regulated by the Bank of Ghana and thereby form part of the regulated financial sector in Ghana. The rural banks are the largest providers of formal financial services in rural Ghana and also represent about half of the total banking outlets in Ghana (IFAD, 2008). Roy (2007) states that rural banking has managed to provide credit for the emancipation of the peasantry from the clutches of private money-lenders (or “loan sharks”). The same could be true in Ghana.

Prior to formal banking systems in rural Ghana, many of the people, mainly women, in the rural communities relied heavily on informal banking services and the semi-formal savings and loans schemes (IFAD Ghana, 2000). Cooperatives, especially among cocoa farmers of the 1920s, engaged in thrift and credit. Their mission of the informal banking was to provide microcredit to support social and economic activities of the less advantaged, especially rural women and their families (IFAD Ghana, 2000). For instance, the commonest form of credit mobilisation in the rural area was the *susu* system, where there were weekly meetings: each woman donates a set sum of money to a common pot and that



is given to one woman at each set time. When there is an emergency, a participant can withdraw out of turn; otherwise the pot is rotated uniformly until all members are served.

Agriculture and rural sectors play an important role in the overall development strategy in terms of income and employment generation and poverty alleviation. This has led to a renewed emphasis on agricultural and rural development which has led to a growing demand for different types of financial services in rural areas. The informal structure of rural credit might not be able to cater for this growing financial need. In this vain, the rural banking system was called upon to play a greater role in providing such services due to their rural character and feel. Rural banks have to take over a larger share of credit disbursements, calling for much larger resource mobilization, and also greater efforts for their institutional strengthening (IFAD Ghana, 2000). The Government of Ghana has therefore promoted the establishment of rural banks to bridge the gap in the flow of financial services, especially credit to the rural poor.

2.1.1The Need for Rural Credit

Since independence, Ghana has been resolute in addressing the socio-economic inequalities in the country. The 1992 Constitution of the Republic of Ghana makes a commitment to rural development as part of a national strategy to improve the living conditions of the people in the rural areas. That Constitution incorporates a decentralization approach under which the national government established political and administrative regions and districts. The national government has recognized the need for banking services especially, rural credit for the rural sector. Access to rural credit and other financial services would increase the participation of rural people in development activities. A rural credit policy is needed to mobilize rural resources and redistribute them to the rural sectors to create the potential for more development.





Traditionally, rural credit has been provided by two types of sources: institutional and non-institutional. The rural communities largely depend on non-institutional credit source for their capital (FAO, 1994). However, this credit market is small so the total credit from these non-institutional sources is insufficient to implement rural development programmes. For rural development to proceed at a smooth pace, larger institutional sources of credit are needed. The institutional sources of credit are the commercial banks, the development banks such as Agricultural Development Bank, the National Investment Banks, and the Bank of Ghana promoted rural banks.

Until recently, very few rural people have access to these financial institutions, but the majority hardly had access to credit from these sources (Ajai and Azeb, 2010). The lack of interest in small rural credits by the commercial banks and the development banks is explained by the high cost of administering a large number of small credits spread over a wide area, coupled with the comparatively high level of default that has often accompanied small credits. The other difficulties associated with rural credit were the inability of rural borrowers to offer adequate security for loans, and the enormous risks associated with agricultural production are the typical reasons given for the urban-based bias of commercial lending. Apparently, traditional banks shun establishing branches in rural areas because of high information, transaction and monitoring cost, inaccessibility due to poor infrastructure, dispersed and intermittent demand for financial services, seasonality deposits and lack of collateral (The Herald, 2011). The Agricultural Development Bank was created to serve the agricultural sector in particular and the rural sector in general. It too, however, eventually began to concentrate on traditional urban-based banking activities.

To overcome many of these difficulties, the government of Ghana through the Bank of Ghana introduced the idea of rural banking and the first rural bank was established in 1976. According to the Association of Rural Banks (1992), the establishment of rural banks aims at:

- I. stimulating banking habits among rural dwellers;
- II. Mobilizing resources locked up in the rural areas into the banking systems to facilitate development; and
- III. Identifying viable industries in their respective catchment (areas) for investment and development.

Addeah (2001) stated that rural banks in Ghana were created to re-enforce the government's commitment to rural credit as part of a national strategy to improve agriculture and the living conditions of rural farmers. This scheme was to assist the rural dwellers especially small-scale farmers to find solutions to rural credit problems thereby increasing their output.

Asiama and Osei (2007) also noted that rural and community banks play a crucial role in microfinance in the country. Rural and community banks were established purposely to advance loans to small enterprises, farmers, individuals and others within their catchment areas.

Before the establishment of rural banks in the late 1970s, and the subsequent expansion of service by other financial providers into rural areas, access to institutional credit for farm and non-farm activities was very difficult. The main sources of credit were moneylenders, traders, friends, commission agents, cooperatives, distributors of farm inputs, and processors of agricultural products which constitute the non-institutional credit providers that charged very high interest rates (FAO, 1994). In many rural communities, secure, safe, and convenient savings and payment facilities hardly existed. Many rural dwellers had to travel long distances to receive payments (such as salary and pension deposits), transfer funds, and cash check payments for their agricultural produce, particularly cocoa farmers. However, research also showed that the most common providers of loans in rural areas are friends and relatives who usually charge no interest or demand for collateral (FAO, 1994). However, the amount of credits realized from these sources is woefully inadequate to invest in meaningful economic activities.





The central government has recognized the need for rural credit and resource mobilization. Access to credit and other bank's services increase the participation and enhance the rural people development activities. This situation had led the Government of Ghana (GoG) to take several measures to increase access to credit in rural areas and to bridge the financial gap between urban and rural. This is also to tap the economic potential of the rural areas by mobilizing rural idle resources and to redistributes them to the rural sectors to create more potential for further development.

The first rural bank was established at Nyakrom, a farming community in the Central Region of Ghana (Ajai and Azeb, 2010). From then that rural communities in Ghana showed tremendous interest in the community ownership and management of RCBs. By 1984, the number of RCBs had reached 106, and as at January, 2013, the total number of rural banks operating in the country stood at 137 (Bank of Ghana, 2013). The introduction of a check payment system for cocoa farmers (known as the Akuafio Check operation) also spurred the establishment of local banks in many cocoa growing communities.

To response to the financial needs and concern of the people of the Wenchi Municipality and its environs in Brong Ahafo Region, the Wenchi Rural Bank Ltd was established in the area to make institutional credit and other banking services available to the people. It has its headquarters at Wenchi in the Wenchi Municipality. The main purpose of its establishment is to help inculcate the habit of saving into the rural folk within its catchments and alleviate rural poverty by granting credit and other financial services to the people. Today, the bank has two agencies in the Brong Ahafo Region of Ghana. The operations of the bank are mainly focused on income generating activities by advancing loans to its customers, especially, women to help them start businesses on their own.

According to Bank of Ghana regional distribution of rural banks, Brong Ahafo has 20 rural banks currently operating (Bank of Ghana, 2013). Strategically, the Wenchi rural bank is located in predominant farming communities.

2.1.2 Rural Banks and Credit Schemes: Historical perspective

In the 1800s, various types of larger and more formal savings and credit institutions began to emerge in Europe, organized primarily among the rural and urban poor. These institutions were known as People's Banks, Credit Unions, and Savings and Credit Co-operatives (Global envision, 2006). The Indonesian People's Credit Banks (BPR) or The Bank Perkreditan Rakyat was also emerged in 1895 to make financial assistance to the poor. In 1972 a women's group called the Self Employed Women's Association (SEWA) was registered as a trade union in India. The SEWA established a bank with the main objective of strengthening its members bargaining power to improve their economic conditions. That is, improve income, employment and access to social security. Since then, it has been providing banking services to poor illiterate self-employed women and, it has become a viable financial venture with many active clients today (Bhowmik and Thabvala, 1996). For example, SEWA offered income opportunities for poor women in Banaskantha village in Western India and as a result of becoming members of a group as they were allocated resources and discussed their problems, their ability to bargain and self-confidence had increased (Bhowmik and Thabvala, 1996). According to Bhowmik and Thabvala (1996), a group leader in the SEWA association explained that previously, the women were very shy about speaking at meetings, but over time they spoke with confidence and could bargain with public officials. This evidence suggests that income-generating activities of women could make them gain confidence and strengthen their bargaining power. However, other research by Von Bulow, Damball and Maro (1995) suggest that income-generation is not a key element in changing the root cause of women's oppression; often it only increases women's work burden. For example, experience of income-generating activities of SEWA in the village of Aahir in Western India shows that women's income earning did not change gender inequalities and could not break the strong conservative attitudes



of the caste council known as Nath. Most women in this village were craftswomen working with SEWA while most Nath members were elderly men who imposed and enforced restrictions on women's mobility and girls' education.

As a way of promoting agricultural and rural sectors, as they play an important role in the overall development strategy in terms of income and employment generation and poverty alleviation in India, the government has been able to develop appropriate institutions and mechanisms for meeting the credit requirements of these sectors. The regional and rural banks (RRBs) concept was promoted in India and, the government enacted and promulgated the RRBs Act of 1976 to bridge the credit gap between urban dwellers and the rural poor (Narayana, 2000). The RRBs have a special place in the multi-agency approach adopted to provide agricultural and rural credit in India. These banks are state-sponsored, regionally-based and rural-oriented.

In Bangladesh, Professor Muhammad Yunus spear-headed the effort to address the banking challenges of the poor through a programme of action-research with his graduate students in Chittagong University in 1976 (Yunus, 2003). He designed an experimental credit programme to serve them. Yunus decided to go into the villages of Bangladesh to find out why the poor were not able to bring themselves out of poverty. According to Yunus (2003), what he saw was that people were working hard to try to help themselves—growing crops in their tiny yards, making baskets, stools and other craft items to sell, and offering their services for practically any kind of labour, yet despite their efforts, the majority of people were unable to increase their income. Armed with this knowledge, he began identifying all the people in the village who were receiving loans from the moneylenders. He found that dozens of villagers, numbered 42 in total were borrowing an average of amount of \$1.55 USD per person per week. To test the idea, he lent \$26 USD to those 42 villagers, and after a successful pilot, he began looking for ways of dramatically expanding the practice of micro lending. The scheme spread rapidly to hundreds of



villages in Bangladesh. Through a special relationship with rural banks, he disbursed and recovered thousands of loans, but the bankers refused to take over the project at the end of the pilot phase. They feared it was too expensive and risky in spite of his success. Eventually, through the support of donors, the Grameen Bank was founded in 1983 and targeted the rural sector in Bangladesh, and the impact of the Grameen Bank in terms of credit disbursement is tremendous.

According to Narayana (2000), the Grameen Bank started its journey by giving loans to 42 women and by 1980 the number of member-borrowers increased to around 15,000 and by mid-1984 its membership grew to nearly 100,000. By the end of 1998, the Bank had a membership of 2.34 million people where 2.24 million comprised of women. In 2008, its services were extended to 7.56 million poor people, 97% of whom were women. The initial success of the Grameen Bank also stimulated the establishment of several other giant microfinance institutions.

Like other part of the Third World, many people in Africa, especially women in Sub-Saharan Africa are facing similar difficulties in accessing financial services in their rural communities. This is because commercial banks do not bother to reach out to these underserved rural areas as they considered them impoverished which have little profit potential and that most of them are not interested in moving into these rural areas. Rural Africa is characterized by low income levels, lack of scale economies and poor infrastructure (Menah, 1993). Many banks understand that the only common economic activity in rural areas is agriculture which is unreliable. Commercial banks therefore concentrate on their richer clients in cities and towns because they can undertake larger transactions and meet their credit requirements.

Due to the absence of commercial banks in rural Africa, many people are left unattended financially. Consequently, governments are enticed to step in, particularly with state-dominated banks focusing on agriculture. However, these initiatives have chalked little success because they were too bureaucratic, too policy oriented, too concentrated on risk to only one segment of the population, or too weak in





customer focus (Menah, 1993). In addition, clients considered these government-sponsored institutions to be instruments that provided grants; hence, the banks suffered from poor loan-recovery rates. To fill in this financial gap, the microfinance institutions have made some inroads into the rural Africa with the financial backing of international non-governmental organizations and other sponsors, however, their sustainability is questionable as they tend to lack banking licenses and therefore have a very limited product range. Apart from the non-governmental organisations' microfinance institutions, other micro financial institutions sprung up to cater for the needs of rural folk; small scale enterprises and farmers. In the Nyeri District of Kenya, groups operate as Accumulating Savings and Credit Associations (ASCAs) was established. ASCAs have Management Agencies (MAs). The MA model serves a wider client base that tends to focus their attention on micro and small entrepreneurs (Nthenya, Hickson and Wambui, 2001). According to Nthenya, et al (2001), the clientele of MAs are also drawn from other socio-economic strata including salaried workers such as nurses, teachers and civil servants as well as subsistence and semi-commerce farmers.

The National Microfinance Bank in Tanzania (NMB) was created to retain the extensive rural branch network of the National Bank of Commerce (NBC) when it was privatized in 1997. To make it commercially viable and rigorously control the costs, through drastic simplification of the business model and tight managerial oversight, key initiatives had been corrected in pricing of its products, particularly payments and remittance of services (World Bank, 2003).

Prior to formal banking systems in Ghana, many people, mainly women and those in rural communities, relied heavily on informal banking services and the semi-formal savings and loans schemes (Botei-Doku and Aryettey, 1996). The first cooperatives were formed in the 1920s, and in 1946, the Gold Coast Cooperative Bank was established to serve clients belonging to cocoa cooperative societies in particular. As men dominated cocoa farming systems in Ghana and these cooperatives are

“member-owned” organizations, it was only men who were having funding from the organisations. Short-term loans were the most common type of funding offered by the cooperative bank; medium or long-term loans had been more difficult to obtain. In the late 1950s, a number of government-financed loans schemes were instituted with the general aim of making more finance available for local development.

In the 1960s, the government of Ghana realized the need to develop certain key sectors of economy, so special banks such National Investment Bank and Agricultural Development Bank were established. Commercial banks, notably the Ghana Commercial Bank, also operated rural credit schemes, but rather than giving credit to rural producers, these banks were draining the rural areas of savings, which were invested in the commercial and housing sectors in the urban areas (Obeng, 2008). The need for rural banks arose by the mid of the 1970s. It had become clear that existing formal financial institutions established with the goal of replacing the perceived "harmful" informal operators, especially moneylenders could not provide the rural financial needs. The intermediating credit to the rural sector of the economy by these institutions upon which Ghana's agricultural economy depends, contributing substantially to country's food and export requirements had also been failing to achieve their objectives (Ajai and Azeb, 2010). The rural banking concept then emerged to serve as a financial intermediation in the rural Ghana .The first rural bank in Ghana was founded in July 1976. A rural bank is a community owned and managed bank that is mandated to operate within a catchment of 25 kilometres from its headquarters. According to the Association of Rural Banks (2013) as at 31st December, 2013, 137 rural banks were dotted across the country serving the rural sector.



2.1.3 The Structure and Regulatory Framework of the Financial System in Ghana

The financial system in Ghana is grouped under three main categories; formal, semi- formal and informal. The formal financial institutions are those that are incorporated under companies code 1963 (Act 179) which gives them the legal identity as limited liability companies and subsequently licensed by the bank of Ghana under either the Banking law 1989 (PNDCL 225) or the financial institutions (Non-Banking) law 1993 (PNDCL 328) to provide financial services under the supervision of Bank of Ghana. The RCBs operate as commercial banks except that they cannot undertake foreign exchange operations. Among the specified categories of non-banking financial institutions, the savings and loans companies which are restricted to a limited range of services are most active in micro and small-scale financial intermediation using microfinance methodologies (Steel and Andah, 2003). Ghana has been able to put sufficient legal framework that regulates the financial sector..

2.1.3.1 The formal financial sector

The formal sector comprises of all banks and other financial institutions that are licensed by the Bank of Ghana (BoG) incorporated under the Companies Code 1963 to undertake business of banking. Commercial banks and RCBs operate under the Banking Law 1989. Rural Banks and community banks are unit banks which are owned and managed by residents in a community. They are registered under the Company's Code 1963 and licensed by the Bank of Ghana to engage in the business of banking. Being unit banks, they are not allowed to open branches but permitted to open agencies within their catchments of 25 kilometres for the purpose of mobilizing deposits. RCBs operate as commercial banks under the Banking Law; except that they are not permitted to undertake foreign exchange operations (Asiedu-Mante, 2011). Their clientele is drawn from their local catchment areas, and their



minimum capital requirements are determined by the Bank of Ghana which is significantly lower than those of commercial banks.

The Financial Institutions (Non-Banking) Law 1993 (NBFI Law) is the legal framework that regulates non-bank financial institutions (NBFIs) like Savings and Loans Companies which provide financial services under Bank of Ghana's regulation and supervision.

2.1.3.2 The semi-formal sector

The semi- financial institutions are made of the credit unions and Financial Non-Governmental Organisations (FNGOs). Credit Unions, however, are not regulated by the BoG, but by the Credit Union Association (CUA), which acts as a self-regulatory apex body. Credit unions are registered by the Department of Cooperatives as cooperative thrift societies in Ghana and are permitted to accept deposits and give loans to their members only.

Financial non-governmental organisations (FNGOs) are under this financial sector. The FNGOs are also incorporated as limited liability companies by guarantee under the Companies' Code of 1963. They are considered to be the semi-formal system in the sense that they are formally registered, but are not licensed by the Bank of Ghana. The financial non-governmental organisations formed an association and registered as an organisation under limited guarantee under the Act179 of the companies' code of 1963. The association is responsible for regulating the activities of its members.

2.1.3.3 Informal sector

The informal financial system covers a range of activities called "Susu" including individual savings collectors, rotating savings and credit associations, and savings and credit clubs run by an operator. It also includes money lenders, trade creditors, self-help groups and personal loans from friends and relatives.



Money lenders are supposed to be licensed by the police under money lender ordinance 1957. To one school of thought, the proliferation of microfinance institutions and their activities are only a sham and exploitative. However, others such as Littlefield and others believe that these institutions play an important role in poverty alleviation struggle (Asiamah and Osei, 2007).

2.2 Rural Finance Service Providers

Ghana has a range of rural financial service providers; formal sector financial institutions at one end of the spectrum, informal providers (mostly moneylenders and collectors) at the other end. In between these two extremes are a number of semi-formal providers. These financial providers play major role in making financial services available to the rural sector. However, rural banks are the largest service providers of formal financial sector in the rural areas and also represent about half of the total banking outlets in Ghana (IFAD, 2008).

2.2.1. Rural and Community Banks

In Ghana, to establish a rural bank, the Central Bank requires that communities to apply for a licence to operate the rural bank. The thinking is that if the local people owned the bank, they would subscribe to its shares and do all that would be necessary to get the bank operational (Asiedu-Mante, 2011). They are registered under the Company's Code of 1963 and are licensed by the Bank of Ghana to carry out banking business.

The basic functions of Rural Banks are the mobilization of savings and the extension of credit to deserving customers in their areas of operation. It is also the belief of the Central Bank that through their financial intermediation roles, rural banks will act as catalysts for economic development in rural Ghana (Ajai and Azeb, 2010). As more RCBs came into operation, the Association of Rural Banks (ARB) was formed to represent and promote their interest. The RCBs were regulated and supervised by the Bank of Ghana (BoG), from which they also received technical support through the ARB. When the



Apex Bank was established on 2nd July, 2002, the supervisory role was given to it to play. Up to 2002, the reserve requirement of RCBs was set as high as 62% to enable them benefit from the high yields on sovereign securities and improve their financial standing (Ajai and Azeb, 2010).

A lot of progress has been made in the rural banking in the country since the first rural bank was established in 1976. Before establishment of first rural banks, external experience was sought on the rural banking by the government of Ghana. The government of Ghana instructed the Bank of Ghana to send a delegation to Philippines to study the rural banking system there (Ajai and Azeb, 2010). Upon return, the first rural bank was established in 1976. Now, according to Bank of Ghana's register of rural banks as at January 2013, there are about 137 rural banks currently operating.

However, some rural banks are performing abysmally. The available evidence shows that out of 137 banks, 70 banks are performing satisfactorily, but the rest are just mediocre (Bank of Ghana, 2013). For instance, in an article titled "Rural Banks in Ghana collapse", (Ampah, 2010) indicated that rural banks in Ghana are grappling with huge challenges due to bad loans and poor management systems applied by the banks. As a result, majority of these RCBs have been rendered insolvent and could soon fold up if austerity measures were not taken to reverse the trend. The article pointed out that the poor performance of RCBs stemmed from both unfavourable operating environment and capacity constraints. With these difficulties, the question is, have rural banks been able to mobilize deposits, grant loans and inculcate the habit of savings and thrift in the minds of our rural dwellers? The study intended to reveal whether they are actually achieving their core aim of establishing them. Despite the difficulties and the challenges some of them are passing through, they have been able to create direct jobs for people such as managers, accountants, project officers, cashiers, drivers and cleaners as well as indirect jobs created through their activities. In addition, Rural Banks have developed products that



facilitate fast and reliable means of moving funds from one part of the country to another through electronic network of the banks in the country.

2.2.1.1 The Operation of Rural Banks

The Bank of Ghana is the head of all financial institutions in the country, and it is responsible for streamlining the operation of all financial institutions including rural banks, particularly their lending activities. This is to ensure that banks' credit actually benefits the small scale rural producers and the entire rural economy. The Bank of Ghana has developed an Operational Manual for all Rural Banks. This manual guides them in their operations.

In granting loans, applications are accepted from individuals, groups, associations, and companies who need loans. For an application form to be rejected, the recommendations to reject an application must be justified by specific and clearly stated reasons and cannot be based on vague suspicions (Obeng, 2008). According to Obeng (2008), rural banks in Ghana adopted the Grameen bank of Bangladesh approach for granting loans to their clients. In Bangladesh, the bankers continued to refuse to grant loans to the poor who were without collateral. Yunus decided to start his own bank, the Grameen Bank. He realized however that he had to develop a system that would guarantee that those who had received loans would pay back. To ask for collateral was difficult as these poor people have hardly anything to offer as security. He devised a system known as "social collateral". That is, the loans are granted to clients in groups. If one member has problems in repaying, the others need to assist. Thus, solidarity, cooperation and social control replaced the traditional collateral. RCBs in Ghana adopted the module and extend credit facilities to self-employed individuals especially women; a well constituted credit-seeking group, and a miniature group also called solidarity groups. It also offers its credit to micro enterprises in the manufacturing, trading, and food industry, agricultural and service sectors of the economy.





The RCBs reach out to their clients through two main credit methodologies, that is, the Group Loan and Individual Loans. Four products have been developed under these credit methodologies, these include; group loans, individual loans, Susu loans and small and medium enterprise (SME) loans. The Trust Banking (group loan) methodology is broadly defined as a group lending and savings methodology specializing in the development of local leadership and transformation in the poorest communities (Ankrah, 2011). A group can graduate from Trust Banking to Solidarity Group. Solidarity Group refers to any group, which has graduated from the Trust Bank programme. A group graduates from the Trust Banking after its 4th loan cycle. Solidarities have membership between 5 and 15. Repayment is usually done on bi-weekly or monthly bases. This product is also based on the group guarantee system where members co-guarantee for each other in the same group. Before granting a loan to a group, the basic requirement demanded by the bank is that there must be mutual trust and respect among the group members. When the loans are given to a group, all members in the group are held jointly and severally liable in case of default.

To ensure equity in allocation of loans, the Bank of Ghana has developed a mandatory sectorial allocation for the banks (The Bank of Ghana's Operational Manual for Rural Banks, 1985). The lending allocation guidelines are given to the banks to guide them in their sectorial allocation. The allocation ensures that the bulk of the resources go to agriculture which is the priority sector in rural bank lending. The Bank of Ghana makes sure that small scale farmers benefit more from the loans to agriculture sector's allocation. According to the Bank of Ghana's Operational Manual for Rural Banks (1985), agriculture sector receives the largest allocation of 50%, followed by cottage industries, and trade and transport take 30% and 20% respectively. The question then is: whether the rural banks really compile with this manual in the disbursement of their loans as many rural banks are found in urban centres? Also other issue which is not clear is the absence gender disaggregation, the aggregation of

small scale farmers, traders and others did not give a clear picture of how women and men benefit from these allocations.

To avoid the temptation by the loan beneficiaries to diverse the loans to other social activities such as funeral and wedding, the rural banks are trying to reduce the cash element by introducing a new other method. Thus the banks arrange for inputs to be made available (i.e., raw materials, seeds, fertilizers, equipment and machinery) to farmers on credit basis (Jai and Azeb, 2010).

When loans are granted, repayment conditions are determined with reference to the borrower's capacity to repay. The banks have Project Officers who monitors the borrowers to ensure proper use of funds and regular repayment within stipulated period agreed on by both parties. The Project Officers make regular routine and emergency visits to loans beneficiaries during the operation period of the loans. Rescheduling of loan payment may be allowed when necessary if there are circumstances which the loans committee or board of Directors accepts as "unforeseen developments." In case of unreasonable default of loans, the banks seek legal advice from their lawyers and the necessary action is pursued to retrieve the loans (Ankrah, 2011).

Apart from making credit scheme available to the rural people, they provide the following services; Rural banks operate savings products which include; regular savings accounts, current accounts, *susu* deposits, and fixed or time deposits. Many rural clients have access to this type of account unlike other commercial banks, and to encourage more to open accounts, rural banks do not require a high balance to open an account. To mobilize more savings and to make savings a habit and accessible to all kind of people, the *susu* scheme has been introduced, and it has become the second-largest account, representing 21 percent of total clients (Jai and Azeb, 2010). This takes care of women who undertake income generating activities. Fixed and special deposits that offer higher interest rates with a long-term deposit contract represent only about insignificant proportion of total number of clients. RCBs also



offer money transfer and payment services to their clients in collaboration with the ARB Apex Bank. They participate in local and international money transfers, among others as such Western Union and Money Gram.

Government agencies use the RCB service outlets for salary and pension deposits. Clearing of checks for cocoa purchases is also an important service provided under the payment category.

The performance of rural banks is mixed. Some are performing satisfactorily, while others are performing abysmally. By 1990, the rural banks were experiencing negative profitability resulting in capital inadequacy and, in some cases, the inability to meet depositors' withdrawal demands (Bank of Ghana, 1995). Due to these problems the Bank of Ghana ordered a restructuring of the rural banks. By December of 1991, all of the Rural Banks had undergone diagnostic study conducted by outside consultants. The restructuring was designed to determine financial strength, organizational capability, and management status in line with existing statutory requirements. The Banks of Ghana updated and standardized accounts and procedures for them (Bank of Ghana, 1995). The Banks introduced internal control mechanisms and management information systems. After the restructuring process, the number of Rural Banks meeting their capital adequacy requirement increased from 2 to 55 (Bank of Ghana, 1995). The Bank of Ghana then instituted measures that would maintain public confidence in the remaining mediocre and distressed rural banks.

2.2.1.2 Ownership and Staffing

RCBs are fully owned by individual shareholders who are residents of the communities in which they operate. The Bank of Ghana requires communities to apply for a licence to operate a rural bank. The thinking is that if the local people owned the bank, they would subscribe to its shares and do all that would be necessary to get the bank operational (Asiedu-Mante, 2011).



The RCBs are governed by Board. Each rural bank has a board of directors (BoD) that is responsible for its strategic governance. BoDs are elected by the shareholders during annual general meetings. Key responsibilities of BoDs include (1) appraising and approving loan applications as well as ensuring repayment of loans; (2) monitoring the financial performance of the bank; (3) providing strategic guidance to management; and (4) supervising the management (Jai and Azeb,2010).

The management staff of the bank is headed by a chief executive officer (typically called a supervising manager or general manager), who reports to the BoDs. The core management staff of RCBs includes an internal auditor supported by assistant accountants; a finance officer; a credit head supported by credit officers and project officers in charge of the microfinance portfolio; and a system administrator, if a bank is computerized. Some larger banks have additional departments, such as research and business development support units. At the branch level, the structure typically includes a branch manager, an accountant, credit officers, clerks and cashiers, and support staffs. Those rural banks that provide *susu* products have *susu* supervisors and *susu* collectors at the branch levels.

2.2.1.3 Review of Relevance Concepts in Banking

2.2.1.3.1 Credit Administration

Guidelines for Commercial Banks for Pakistan Banks (2010) indicated that ongoing administration of the credit portfolio is an essential part of the credit process. Credit administration function is basically an office activity that support and control extension and maintenance of credit. According to Ahmad, Naveed and Ghafoor (2004) a typical credit administration unit performs the following functions:

- I. **Documentation.** That is, it is the responsibility of credit administration to ensure completeness of all documentations concerning loan (loan agreements, guarantees, transfer of title of



collaterals etc) in accordance with approved terms and conditions of the bank. Outstanding documents should be tracked and followed up to ensure execution and receipt.

- II. **Credit Disbursement.** The credit administration function should ensure that the loan application has proper approval before entering facility limits into computer systems. Disbursement should be effected only after completion of agreements, and receipt of collateral holdings. In case of exceptions necessary approval should be obtained from competent authorities.
- III. **Credit monitoring.** After the loan is approved and granted, the loan should be continuously watched over. These include keeping track of borrowers' compliance with credit terms, identifying early signs of irregularity, conducting periodic valuation of collateral and monitoring timely repayments.
- IV. **Loan Repayment.** The loan recipients should be communicated to ahead of time as and when the principal or mark-up instalment becomes due. Any exceptions such as non-payment or late payment should be tagged and communicated to the management. Proper records and updates should also be made after receipt.
- V. **Maintenance of Credit Files.** Bank should devise procedural guidelines and standards for maintenance of credit files. The credit files not only include all correspondence with the borrower but should also contain sufficient information necessary to assess financial health of the borrower and its repayment performance. That is, information should also be filed in an organized manner so that both external and internal auditors could review it easily.
- VI. **Collateral and Security Documents.** Institutions should ensure that all security documents are kept in a fireproof safe under dual control. Registers for documents should be maintained to keep track of their movement. Procedures should also be established to track and review



relevant insurance coverage for certain facilities/collateral. Physical checks on security documents should be conducted on a regular basis.

2.2.1.3.2 Credit management

According to Asiedu-Mante (2011) credit management involves establishing formal legitimate policies and procedures that will ensure that: the proper authorities grant credit, the credit goes to the right people, the credit is granted for the productive activities or for businesses which are economically and technically viable, the appropriate size of credit is granted, the credit is recoverable and there is adequate flow of management information within the organization to monitor the credit activity. Van Horne (1995) refers to credit management as the efficient blend of the four major credit policy variables to ensure prompt collection of loans granted to customers and at the same time boost their confidence in and loyalty to the bank. According Van Horne (1995), the first variable is the assessment of the quality of the customer account. This is to examine the ability of the customers to repay on time. The second policy variable is that of setting the credit period. In so doing, the bank ought to give enough time to allow the customers derive the full benefits of the credit. Such period must not be too long to put the bank at a disadvantage. The third variable is the discount or the enticement to credit beneficiaries to repay credit on time. Such enticement must be motivating enough before the aim can be achieved. The final policy variable examines the expenditure level that could be incurred in the collection exercise. This implies that loans collection should be economical, that is, the bank must not grant credit where the amount to be expended on collecting the debt will likely be greater than the debt itself. To blend these variables into an efficient workable system requires careful planning, controlling and co-ordination of all available human and material resources



2.2.1.4 Issues and Challenges of Rural Banks

Even if access to formal banking is provided to rural customers, there is no guarantee that these services will be used. According to a study conducted by the World Bank (2003), many households, even in developed countries, choose not to have a bank account as they do not engage in many financial transactions; they collect their wages in cash, spend in cash and do not wish to be burdened by a bank account. The situation may be the same for many customers in rural areas, who have access to and would otherwise choose to use formal financial services, do not do so because the product and service provided do not meet their needs (Wolff, 1998). The financial service needs of rural customers are not confined to just savings and credit, as is usually assumed. Their financial needs are linked to their life cycle needs, ranging from savings to credit to insurance to remittances (ibid). In fact, even the savings and credit products currently offered to rural customers do not entirely meet their needs. Though access to savings and investment facilities is critical for the poor, the two critical needs for the rural poor are micro-savings and frequent withdrawals. These needs facilitate a customer in building capital over the long term, as well as coping with income shocks in the near term. However, banks do not offer adequate services to address these needs. The inadequate services in the rural areas, therefore, leave the rural poor with little option than to transact with the informal banking market.

Rural customers need loans not only for productive purposes but also for consumption needs. A part from agricultural support, rural customers need micro credit for consumption on education and emergencies. In addition, larger households need occasional high value micro-enterprise loans for small capital investment. Though banks offer these loans, they require excessive documentation and time-consuming processes which discourage customer applications.

Rural banking is faced with a number of challenges in Ghana. The most pronounced of these challenges are those related to liquidity, loan recovery, poor staffing, weak managements, poor service delivery, and lack of adequate communication facilities and inadequate training (Asiedu-Mante, 2011). These



challenges above have motivated Littlefield (2003) to conclude that rural banking offers an illusion of poverty reduction; as in any lottery or game of chance, a few in poverty do manage to establish microenterprises that produce a decent living.

However, Littlefield's view is opposed by Professor Yunus' study which demonstrated that microcredit supports poverty reduction and rural development. The rural bank concept involves change in the manner and sources of rural finance.

Another major challenge that the rural banking in Ghana faces today is liquidity problem. Adequate required reserves demanded by the regulator, Bank of Ghana for the capitalization of the banks has become difficult for some banks to meet.

Non-recovery of loans is one of the institutional challenges that the rural banks are concerned about. The experience in Ghana is that many rural banks were good at disbursing loans but poor at recovery. The assumption was that once loans were disbursed, the beneficiaries would automatically service their loans but that is not the case. However, using the court system to recover the sunken funds sometimes was not successful. The method did not yield the required results and as Asiedu-Mante (2011:177) puts it:

Reliance on the court system to collect outstanding loans was ineffective. This was because most . . . rural properties, be their land or buildings did not have documents of title. In instances where there were documents, the slowness of the court system made that option unattractive. Where . . . a default on repayment had resulted in a repossession of the item financed . . . a rural bank was unable to resell the items seized because no one in rural Ghana would like to buy an item seized from a neighbour. It is either a taboo or an unforgivable act on the part of the one who bought that type of property.



Training and retraining on business ethics and principles would help the people of rural areas to realize that it is wrong for a person to borrow money from a bank and fail to service his/her debt. Also, rural people must know that there is nothing wrong in auctioning bank repossessed assets.

Agreeing on the structure of a board of directors could be a challenge to some of the banks. Some people are elected onto the board not based on their competent but the popularity in the community. A legislation governing the structure of board of directors in rural banks would be required. Even people, who are not shareholders, but possessed exceptional qualities or expertise, could be co-opted onto the bank boards. The co-opted members would normally be people who possessed special knowledge, skills and expertise in the operations of a rural bank. Co-opted members would not have voting rights but would be allowed to participate fully in the deliberations of a board (Asiedu-Mante, 2011).

The success of the rural banks would depend on the skills level of their employees. Rural banks in Ghana did not attract qualified staff in the initial stages of the scheme (Asiedu-Mante, 2011). Two major factors are linked with the shortage of competent staff in rural banks. First, rural banks are sited in rural areas which most people consider to be hardship posts. Second, the remuneration of an average rural bank worker is likely to be lower than that of his/her counterparts in the traditional banks. Training is indispensable in this regard in preparing people to run their rural banks.

The recent challenge the rural banks face in Ghana is the keen competition imposed by the commercial banks. That is, commercial banks have now realised the economic potential of the rural areas and are now making inroads into the rural areas making the competition very keen.

These challenges of the rural banks is very real and affecting the viability of the banks. When these challenges are not resolved may result in liquidation of some banks, which many people may lose their deposits and the resuscitating depositor confidence may be a problem.



As the rural banks alone cannot provide the financial needs to the rural folks, other financial institutions are also operating alongside with the rural and community banks in providing financial services to the sector and these are the non-bank financial institutions (NBFLs). They are the credit unions, financial non-governmental organizations, susu collection associations and the moneylenders. They are also playing a crucial role in the financial intermediation in the rural areas.

2.2.2 Non-bank Financial Institutions (NBFIs)

The non-bank sector comprises the savings and loans companies (S&L). The liberalization of the financial sector since 1987, largely carried out under the Financial Sector Adjustment Programme (FINSAP), witnessed the entry of new banks and non-bank financial institutions in Ghanaians' economy. Initial licensing of the new S&L category was difficult, as the BoG grappled with how to implement the new law (CHORD, 2000). The minimum capital requirement demanded by the regulator, central bank was ₵100 million or US\$150,000 which was initially posed a hurdle to entry, but its real value was quickly eroded by rapid inflation, and the number of S&Ls grew from 3 in 1995 to 7 by 1998 (CHORD, 2000). In 1998 and 2000, the minimum capital requirement was adjusted up to restore the dollar value through a ten-fold increase in the nominal value. A further increase in 2001 to about US\$2 million stalled the rate of new entry. In 2007, the BoG revised the minimum capital requirements of banks as well as NBFIs from GH₵15 million to GH₵70 million, and from GH₵1 million to GH₵1.5 million, respectively (Bank of Ghana, 2007).

2.2.3 Credit Unions

Credit Unions are thrift societies offering their members savings and loan facilities exclusively. The objective of the credit unions was to encourage thrift and savings among members and their interest is on working class such as farmers, traders, processors and non-agricultural workers who are engaged in productive ventures to improve their socio-economic lives. It is worth noting that the first Cooperative





Credit Union in Africa was introduced in Jirapa in Upper West, then Upper region of Ghana in 1955 by the Canadian Catholic missionaries and was supported by Father Peter Poreku Dery, a Catholic priest (Quainoo, 1997). It followed the German concept developed in 1846. Credit unions in Ghana have come together to form an association called Credit Union Association (CUA). The association serves as a self-regulatory apex body for its members. At the time of formation in 1968, the membership stood at 254 and currently the association has about 380 Credit Unions dotted all over the country; in parishes of churches, work places and in communities (Gallardo, Ouattara, Randhawa and Stell, 2005). CUA applies prudential norms that are similar to the operating and financial standards of the World Council of Credit Unions (WOCCU). Registered as member-based cooperatives, Credit Unions are of three types: 1. workplace-based; 2. church-based; and 3. community-based. The workplace-based ones have a stable character due to the steady transfer of savings from salaries of workers. Some of the community-based ones have introduced new microfinance products and become more commercially-oriented and in some cases opening up services to the community apart from their own members.

Credit unions in Ghana are not without challenges as in some instances; many managers, Board and members have little understanding of the business of financial intermediation. According to CUA (1999), well over 70% of all Ghanaian credit unions were performing unsatisfactorily as at April 1996, and 42% of them were placed in the worst category. By the end of 2001, these ratings had improved to 60% and 15%, respectively, and the share given the top rating for financial soundness had improved significantly to 29% (CUA, 1999).

The mode of obtaining loans from credit unions is through membership but most credit unions still require borrowers to provide security, in addition to being in good standing with their deposits. Ideally, this can be in the form of a guarantee from another member of the credit union who has adequate uncommitted savings balance. Some credit unions use the *Susu* method in collection of deposits and

loan repayments. To safeguard the loans granted to borrowers, in case of death, CUA being an innovator is providing both credit insurance and a contractual savings program (which matches savings, up to a limit, if held at death or to maturity) (Gallardo, Ouattara, Randhawa and Stell, 2005).

2.2.4 Financial Non-governmental Organizations (FNGOs)

FNGOs are mostly mission-driven, and are active in poor communities in particular. They focus on poverty reduction which leads most of them to provide multiple services including microcredit to poor clients though, mostly on a limited scale. They are not allowed to take deposits from clients and hence have to use external funds for microcredit disbursement. These funds are mostly from donors, social investors and government programmes. Some of them however, operate credit union scheme which allows individuals to save small amounts on a daily or weekly basis. For instance, SEND GHANA, a non-governmental organisation has a number of credit union outlets dotted in the northern regions in the rural communities. In 2005, Association of financial NGOs was inaugurated as an apex body of all financial NGOs with the aim of regulating the activities of all members as well as advocating the development of the institutions.

Cited in (Obeng, 2008), according to CHORD (2000) NGOs have facilitated the development of good microfinance practices in Ghana by introducing internationally tested methodologies. These methodologies often are based on group solidarity methods, and have benefited from linkages with Community-Based Organisations (CBOs) that have already come together on the basis of some kind of location, occupations, friendship, family ties, gender, or other grounds to serve a purpose at the community level. As commercial and rural banks are not much available in northern Ghana, the financial NGOs play a crucial role in making financial services accessible to the low-income group, although they tend to be localized and donor-dependent.



The Ghana Microfinance Institutions Network (GHAMFIN) was established in 1998 as an umbrella organisation for the regulated and non-regulated microcredit institutions. The main objective of GHAMFIN is to serve as a knowledge centre and to provide information and statistics for the microfinance industry. According to Bank of Ghana (2007), GHAMFIN is also providing staff training and assistance with capacity-building. Some of the most successful microcredit institutions in Ghana are Sinapi Aba Trust (SAT) with the largest number of clients (16,000), Women's World Banking, ProCredit Ltd., Opportunity International, Ezi Savings and Loans, ECLOF Ghana, UniCredit, and First National and Express Savings and Loans.

2.2.5 Money Lenders and *Susu* Organisations

Moneylenders were the first form of microfinance to be officially licensed in Ghana, and have long been an important source of emergency and short-term finance (after relatives and friends) for the vast majority of the population lacking access to commercial financing. By the mid-1960s, money lending had become more of a part-time activity by traders and others with liquid funds than a full-time profession (Aryeetey, 1994). The emergence of RCBs, Credit unions, *susu* associations and others has certainly reduced the importance and the registration of individual moneylenders in the financial system. These days most individual moneylenders do not hold licenses or operate full time, and the Ordinance has ceased to be of any importance, although it remains in the statute books.

The *susu* system primarily helps clients to accumulate their own savings over periods ranging from one month (*susu* collectors) to two years (*susu* clubs), although credit is also a common feature. In an effort to capitalize on *susu* collectors' intimate knowledge of their clients, several RCBs and savings and loans (S&Ls) companies participated in a pilot program to provide funds to *susu* collectors for them to on lend to their clients (GHAMFIN, 2007), and some have continued with their own funds. The *susu*



collectors are the most visible and extensive form of resource mobilisation in our localities. Even though they mobilize savings, the central bank has refrained from attempting to regulate them, leaving them to try to improve their businesses through improvement of their reputation and quality of self-regulation.

What boosts the *susu* industry in the recent time, commercial banks and RCBs have introduced *susu* as savings products and made intensive advertise and daily collection had been carried out by salaried or commissioned agents. These methodologies have helped them to reach lower-income brackets and women, who constitute 65% to 80% of the clients of these *susu* schemes (Obeng, 2008). Thus, the combination of specialized categories of licensed financial institutions and traditional methodologies has succeeded both in mobilizing savings from lower-income households and giving them access to financial services that are part of the formal, supervised system.

2.2.6 Why Most Rural Banks Target Women?

Literature on the role of financial services with gender dimensions shows positive effect as put it by Aghion and Morduch (2005) that group lending and peer borrowers often practiced in micro finance institutions deter domestic violence and provide a way for women to save by keeping money away from their husbands. Most of these theoretical underpinnings are manifested in the socio-economic status of women in developing economies, including Ghana.

The Grameen Bank of Bangladesh was one of the first microfinance institutions to experiment with women. Recounting their experience with women, Aghion and Morduch (2005) say that Grameen Bank did not initially have such a strong emphasis on women when it began business in the 1970s. Grameen Bank shifted their focus onto women in the early 1980s when they realized that women had better loan repayment records than men. The initial idea was to have an equal number of men and women but



women's record showed so remarkable repayment rate that by the end of 2002, 95% of Grameen clients were women (ibid).

Cheston and Kuhn (2002) also confirm the rationale for targeting women as ensuring efficiency and sustainability of financial institutions: microfinance schemes run efficiently due to women's cooperation and good repayment records. Johnson and Rogaly (1997) also confirm the forgoing argument that women are usually targeted to ensure better loan repayment rates and efficiency in implementation of microfinance services rather than for any other concerns.

The UNDP, UNIFEM and World Bank have conducted studies which confirm microfinance as a tool for fostering gender equity, and that gender disparity in developing countries could result in stagnation in economic growth and development. Indeed, there is a strong and positive relationship that has been found between gender-related development indicators and the human development index (Cheston and Kuhn, 2002).

First, women are targeted because they are more likely to be marginalised with regard to access to conventional forms of financial services. Women, more than men, are faced with difficulties in accessing credit for productive activities, especially in rural areas. According to Legerwood (1999) women face cultural barriers that often restrict them to the home (for example Islamic purdah), making it difficult for them to access financial services. Women suffer inequities with regard to access and ownership of productive inputs like credit and land. As a result women are likely to be poorer than men and this constitutes a justification for such financial institutions to target them. Cheston and Kuhn (2002) contend that women are targeted because they are overrepresented amongst the world's poorest people. According to Ledgerwood (1998), women entrepreneurs have been targeted by credit institutions because they almost always constitute the poorest segment of society. In the 1995 Human Development Report of the UNDP, it was reported that 70% of the 1.3 billion people living on less than



\$1 per day were women (Cheston and Kuhn, 2002). This leaves a large section of the population or natural resource untapped or underutilized. The harsh realities of intra-household and social discriminations, coupled with evaluation of property rights in a patriarchal society of ours might have contributed to the subordinated status of women and their poor contribution to socio-economic development. As indicated by UNDP, it has been a known fact that women are poorer and more disadvantaged than men.

Second reason for providing women with financial services is said to facilitate the process of empowering them because they are usually in a subordinate position relative to men. Kabeer (1999) has defined empowerment as the process of women taking control and ownership of their lives through expansion of their choices. In a survey carried out in rural Bangladesh in 1998-1999, Pitt, Khandker and Cartwright (2003) discovered that women's involvement in microfinance led to a greater role in household decision-making; gaining more access to financial and economic resources; having improved social networks; having more freedom of movement; and increasing their bargaining power in the household. Is the same happening in rural Ghana as the rural banks were established with the aim of empowering the rural folk economically?

Regarding the second justification for targeting women, many studies have found that households tend to benefit if income accrues to women instead of men. Ledgerwood (1999) argues that an increase in women's income benefits the household to a greater extent than a commensurate increase in the income of men. For instance, in a study of the Grameen Bank in Bangladesh, Khandker (1998) estimated that microfinance contributes to household consumption at the rate of 18% for lending to females and 11% in the case of male borrowing. Women have been observed to spend more of their income on their households: women were more likely than men to spend their profits on household and family needs



(Cheston and Kuhn, 2002). Thomas (1997) found that enabling women to access credit resulted in an increasing share of the household budget spent on education, housing and on health.

The World Bank also reports that societies that discriminate on the basis of gender have greater poverty, slower economic growth, weaker governance and a lower standard of living. It is therefore very important to help women to contribute meaningfully to the socio-economic development of a nation. On this note, if women are given the support would be able to speed up the socio-economic development of a nation. Therefore, policies that encourage the development of a reliable micro finance sector can also be a driving force for socio-economic empowerment of women. Many micro-finance programmes, including that of rural banks can encourage members to develop a socio-economic agenda on matters such as health, nutrition, home management and children's care and education, and economic activities. At the same time, micro-credit programmes are likely to have ripple effect in raising members' incomes where rapid growth in the economy and in agricultural output, can create a demand for the products and services provided by micro-enterprises owned by the women.

2.3 Women's Socio-Economic-Empowerment

Men and women tend to have different socio-economic profiles within an economy in terms of the positions they occupy, the activities they engage in and their overall economic status. In this regard, the trickling down of economic growth and development will not obviously benefit men and women equally. In this context, gender inequality acts as a constraint to growth and poverty reduction as evidenced by emerging macroeconomic analysis on Africa (World Bank, 2001). This inequality is especially in access to a wide range of economic, human and social capital assets that comprises key poverty dimensions. The reduction of gender disparities has been of great concern for development policies, as highlighted in the third Millennium Development Goal, whose purpose is to promote gender equality and empower women (Calvè, Charmes and Wieringa, 2003).





According to Calvès (2009), Charmes and Wieringa (2003), to study women's empowerment, it is necessary to study from the perspective of women's socioeconomic characteristics, as women are divided by heterogeneous categories based on class, life cycle, or ethnicity. They also point out the need to consider the intersectionalities of women's empowerment—that is, how social, economic, cultural, and other categories related to gender relations interact with each other in such a way that they create inequalities among women. This study thus raises the question as to how socioeconomic inequalities shape women's empowerment in the cultural and social context.

The term 'women's empowerment' appears to be the outcome of several important critiques and debates generated by the women's movement throughout the world, and particularly by feminists in developing countries (Batliwala, 1994). The UN report on the Fourth World Conference on Women proposed the principle of sharing power and responsibility not only between women and men in the household and the workplace, but also in the broader context of both national and international community (UN, 1995). The Beijing Platform for Action (1995) restated the principle of shared power and responsibility and argued that women's concerns could only be addressed "in partnership with men." It also identified priority areas for action: education and socialization of children, sexual and reproductive health, gender-based violence, and balancing work and family responsibilities. Similarly, the World Declaration on Nutrition (1992) stated that women's health, nutrition, and education must be improved through access to and control over resources and the involvement of women in the decision-making process.

Stromquist (2002) advocated for education as the key to women's empowerment. However, girls' access to education in many developing countries is often so low that the term empowerment is frequently used to mean mere participation in the formal system. This is problematic because it assumes that the experience and knowledge attained in schooling automatically prepares girls to assess

their worth and envisage new possibilities. Stromquist (2002) pointed out that for education to be the key for empowering women, governments must take steps to modify school textbooks and provide teachers with gender sensitive training, and a gender sensitive education. Empowering girls should mean offering them courses with content that not only attacks current sexual stereotypes but also provides students with alternative visions of a gender equitable society. The non-formal education would also promote systematic learning opportunities on topics such as gender subordination, reproductive health, and domestic violence. This would provide the opportunity for women to discuss problems with others. The positive effects of these spaces for developing women's confidence cannot be overstated.

This section therefore focuses on some issues of women's empowerment including the concept of power and the use of power, which has different meanings in different contexts. Empowerment as outcome and process and women's socio-economic activities that empower them are discussed. Also the status of women that might warrant the demand for empowerment is discussed in this section.

2.3.1 The Concepts of Power and Empowerment

Power can be described in a number of ways and has different meanings in different contexts. The question is, what power do women actually need to be empowered? Radtke and Starn (1994) pointed out that power has an impact and can be a source of oppression or emancipation, depending on how it is used. The discussion now focuses the concept of power and its use.

2.3.1.1 Power

To empower means to give power to someone who has no power (Schrijvers, 1993). Empowering women implies that women are powerless and that there is the need to give them power. This meaning of empowerment has been seen as power that can be given by one person to another. The difficulty of this process is that, if power can be given by someone, the same power can easily be withdrawn by the





one who gives (Schrijvers, 1993). The question then is; if women do not have power, what kinds of power do they need to be empowered? The focus now is to discuss the power and the kinds of power that women need to be empowered. The use of power gives rise to the kinds of power which include: 'the power over', 'power to', 'power with' and 'power within'. 'Power over' is directly and indirectly related to domination and subordination, it controls people resources and it is associated with conflict between powerful and powerless groups. The meaning of power in this context involves the use of physical or psychological force to withhold perceived social, economic and political opportunities from others (Afshar, 1998). This kind of power focuses on the idea that women lack opportunities in area of economic, political and social, and therefore they should be given the chance to occupy positions of power in these spheres. Within this power relationship, the individual woman is unable to make independent decisions concerning her own destiny, they therefore are seeking 'power over' not to control fellow human beings, but to control factors of production and to take independent decisions and to have control over her own body.

The concept of power in feminist's discourse provides an understanding of the dynamics of power in gender, race, and class among other forces of oppression (Walters, 1991). The Feminist analysis of power includes three dimensions of power: 'power to', 'power with', and 'power within.' These powers are rational and do not dominate others, that is, there is absent of use of physical or psychological force to control others. 'Power to', 'power with' and 'power within' can take other forms of meaning for empowerment, instead of simply compliance to obedience (Hartsock, 1985). These powers are not dominion over others but instead, they are generative, stimulating, and raising morale. According to Hartsock, 'power to' includes leadership, and comes from observations of how a group achieves its goals through its activities and what it is capable of. In this context, the group is structured through its own agenda. Williams, Seed and Mwau (1994) explained 'power to' which is similarly to Hartsock

(1985), by arguing that ‘power to’ is creative and involves capacity-building, decision-making, and problem-solving. Williams, Seed and Mwau (1994) also clarified the meanings of ‘power with’ and ‘power within’. They suggest that ‘power with’ involves organising people for collective action to achieve a particular goal, while the power within is spiritual and involves self-esteem, self-respect, and self-acceptance. These in turns, lead to respect and acceptance of others as equals. Kabeer highlights the critical aspect of ‘power within’. “It is self-generative and cannot be given; it comes from women’s own critical assessment of their own positions” (Kabeer, 1994:229).

In this sense, empowerment is a dynamic and active process that emerges from women and has implications for social, economic and political actions. This form of power can open up new possibilities; people can build their capabilities to be a productive force and can create new directions for their lives. Therefore an approach to the empowerment of women can be focused on all kind powers, that is, on ‘power over’ factors of production and their own lives, ‘power to’, and incorporate ‘power with’ and ‘power within’ to become self-generative and problem solving.

The table below is the summary of power and its uses. Micro credit groups together women is a fertile platform where these kinds of power can be generated.

Table 2.1: Concept of Power and Uses

Concepts of power	Practical uses
Power over	Directly and indirectly related to domination and subordination, it controls people resources, and is associated with conflict between powerful and powerless interest groups.
Power to	Creative or productive, builds an individual’s capacity for leadership, it generates ability so that people can make decision and solve problems on their own. It shows new possibilities and actions without domination.
Power with	Organising people, collective action to achieve a particular goal, the whole community involved in the process rather than the sum of individuals.
Power within	Is spiritual and involves self-esteem, self-respect, and self-acceptance.

Sources: Hartsock (1985), Williams *et al* (1994), Kabeer (1994) Rowlands (1995).



2.3.1.2 Empowerment

The concept of women's empowerment emerges from the outcome of several critiques and debates generated by the women's movement throughout the world, particularly by the feminists in developing countries (Batliwala, 1994). In the mid 1980s, the term empowerment had become popular in the development field, especially with reference to women. However, there is confusion as to what the term means among development actors (Batliwala, 1994). Research on women's empowerment supports the view that it is a multidimensional, complex and context-specific issue (Charmes and Wieringa, 2003; Kabeer 2005; Malhotra and Mather, 1997)

Molyneux's (1985) advocated for empowerment framework of strategic gender interests which focuses more on the causes of women's subordination and exploitation. Empowerment is used to describe a wide range of concepts and outcomes and to advocate for certain types of policies and intervention strategies (Malhotra, 2003). Empowerment is a process by which people take control of their lives or gain the ability to generate choices, exercise bargaining power, develop a sense of self-worth, and a belief in one's ability to secure desired changes (UN, 2001). According to Kabeer (2001) the understanding of empowerment is a process by which those who have been denied power gain power, in particular the ability to make strategic life choices. For women, these could be the capacity to choose a marriage partner, a livelihood, or whether or not to have children. For this power to come about, three inter-related dimensions are needed: access to and control of resources; agency (the ability to use these resources to bring about new opportunities) and achievements (the attainment of new social outcomes). Empowerment, therefore, is both a process and an end result.





From definitions available in the development literature, empowerment is defined in terms of both material and non-material well-being. It also refers to the relationship between power and development implying increased capacity of women to enhance their internal strength and to influence the direction of change by gaining access to control over material and non-material resources (Boden and Zoe, 1997). As empowerment is a multi-dimensional process it enables women to realize their potential in the development process. Thus Boden and Zoe (1997) identified the key indicators emerging from the definition of empowerment are as under:

(a) Women's ability to build group capacity. (c) Women's ability to participate in economic activities. (d) Ability to access financial and economic institutions and (e) Ability to make decisions about spending their income.

Social empowerment is judged from the perspective of organizational capacity of women and their decision making, while economic empowerment is measured in terms of enhanced contribution in productive activities by women. Women's access to financial services has the potential of engineering both social and economic empowerment of women.

In the 1980s, feminist critiques focused on development and intervention programmes, particularly welfare and poverty alleviation approaches that could not bring significant improvement in the lives of women (Sen and Grown, 1987). Improvement in women's lives failed because these two approaches did not address the root cause of women problem in society as these development programmes did not make any distinction between women's condition and position (Akhter, 2003). According to Akhter (2003), condition here relates to material aspects, in which poor women live, such as lack of opportunity to earn and have control over income, low wages, lack of access to health care, education and training, and the prevalence of malnutrition. On the other hand, the term 'position' designates the social and economic status of women compared to men. Thus simply focusing on the daily conditions

of women cannot bring structural change which is the underlying factor of women's subordination and inequality.

The outcome of empowerment can be generated through an effective process. Friedmann (1992) identifies three kind of empowerment in development context which includes: social, political, and psychological. That social empowerment is realized through information, knowledge, skills, financial resources and participation in social organizations. Political empowerment involves access to the decision making process affecting one's own life which includes participation in voting and collective action. Psychological empowerment is associated with an individual's self-confidence and a sense of potency which is generated by social and political participation. In other words, the individual's position in the social and political sphere influences her or his psychological power. However, Rowlands (1995) identifies limitation in Friedmann's position on empowerment in the sense that Friedmann ignored the unequal power within the household and corrected this limitation by identifying three dimensions of empowerment; personal empowerment, relational empowerment and collective empowerment. According to Rowlands (1995), personal empowerment is associated with generating individual self-esteem, self-confidence, capacity building, and unravelling the effects of internalized oppression. The relational empowerment increases people's negotiation skills in changing the nature of relationships and the decision-making process. In this context personal empowerment seemed to be more coherent in the cultural context of Ghanaian's society.

From the above explanation, empowerment can be defined as both outcome and process. However the outcome of empowerment can be generated through an effective process. The process of empowerment is not linear, but more like a loop or spiral (Rowlands, 1995). The next discussion focuses on empowerment as outcome and process.



2.3.1.2.1 Empowerment as Outcome

The concept of empowerment is meant to strengthen individualism through building capacity and consciousness-raising (Rowlands, 1997). The self-confidence, self-esteem, sense of agency and also dignity are the core values of individual empowerment. The sense of self worth, honour, the expectation of receiving and of having the right to receive respect from others are also seen as empowering values (Afshar, 1998). This core value of empowerment associated with 'power to', 'power with', and 'power within', which becomes self-generative and problem solving as discussed earlier.

Empowerment as outcome showed that women's self-confidence and self-esteem are core values of their empowerment. These core values can be generated through an effective process of empowerment in which they can build capacity to control over material and non-material resources. Through this process, their critical analytical skills can develop to assess how gender relations work in every sphere of their lives, and can break structural barriers that perpetuate the oppression of women. These factors, along with collective action can leads to structural change, are the major features of the outcome of empowerment. According to Elsa (1998) empowerment is a process in which women build the capacity to organise themselves and to increase their own self-reliance; they acquire knowledge, make choices, and control resources that will assist them to challenge their own subordination.

The above concept of power and empowerment showed that empowerment as outcome is based on women's self-confidence and self-esteem which are core values of women's empowerment. The issue to look at is what process of empowerment that can be followed to generate women's self-confidence, self-esteem and self-awareness so that they can control material and non-material resources.



2.3.1.2.2 Empowerment as Process

Kabeer (1999) defines women's empowerment as a process and within this process those who have been denied the ability to make strategic life choice acquire such ability. McWhirter (1991) argued that empowerment is the process by which powerless people, organizations, and groups: (i) become conscious of the power dynamics at work in the context of their lives, (ii) gain the skills and capacity to assert reasonable control over resources and enhance control of their lives, (iii) exercise this control without impinging upon the rights of others, and (iv) support the empowerment activities of others in the community. According to Longwe (1994), in the process of empowerment, women have to achieve equality with men in controlling the factors of production. From the definitions of these authorities, empowerment is seen as process.

In this context, group formation with grassroots women and working in the group are considered as key aspects of empowerment process. Women's organizations, particularly grassroots women's organizations are considered as a favourable factor in the process of women's empowerment. Grassroots women's organizations can take initiatives for group formation and work to generate individual women's empowerment to control resources and bring structural change. Feminist education and participatory techniques can be used in group activities to raise women's consciousness about their position in society. For instance, if women organized themselves, secure the required funds, receive technical expertise and gain more autonomy; they can promote empowerment and organize collective action for challenging the existing patriarchal power structures of society (Akhter, 2003). As Sen and Grown (1987:89) described such activities for resolving such problems include:

“....resources (finance, knowledge, and technology), skills training and leadership formation on the one side, and democratic processes, dialogue, participation in policy and decision-making and techniques for conflict resolution on the other”.



The process of empowerment is also addressed in Johnson's (1992) analysis, in which women engage in collective action to change the existing dominant social structure. In this way, women themselves discover their identity as individuals, which are identified as power within. The above discussion showed that an effective process of women's empowerment can generate women's self-confidence and self-esteem. Financial intervention is considered as a factor which brings women in groups to generate the process of empowerment.

2.3.2. Women's Empowerment and Credit: a Raging Debate

Experts believe that microcredit, under the right conditions, could promote empowerment of poor people and catalyzed opportunities for poor especially, women to become active participants in economic activities, and to attain new roles as cash income earners and managers of household incomes (UN, 2005). It is noted that with access to financial services, poor women might become more confident, assertive and better equip to overcome cultural inequalities. In addition, women's savings through financial service seem to build economic power that could change popular attitudes and practices of community so as to enable them to move from subsistent activities to market- base activities (UN, 2005). Microcredit programme are credited for its role played in empowering the poor. Mayoux (1999) noted that increasing women's access to micro-credit has the tendency to initiate a series of 'virtuous spirals' of economic empowerment, increased well-being for women and their families and on the wider scale, on social and political empowerment. Beyond increased opportunities and income, micro-credit programs are believed to engender self-confidence and a culture of independence such that women are able to believe in their own agency to significantly improve upon their lives. Micro-credit schemes espouse the assumption that the lack of capital, business management and training are the main barriers to the economic progress of the poor and the limit to the growth of potential micro enterprises. Therefore they incorporate financial access with training and business



management skills, which are critical inputs for effective implementation. Micro-credit schemes could be described as pro-poor because of such characteristics as their reliance on trust and social collateral, frequent weekly repayment and little or no paper work. Weber (2004) argues that it involves the practices of borrowing from one NGO to pay off the other and taking of new loans to service repayments. The consequence is that beneficiaries could become microcredit dependency in which they rely on loans for consumption instead of production.

What might be the relationship between microcredit and women empowerment? Meanwhile, Krishna (2003) 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. The World Bank (2001) argues that societies that discriminate on the basis of gender may pay the price of poverty, slower economic growth, weaker governance and lower living standard for their people. Hashemi, Sidney, Schuler and Riley (1996) investigate the change in women's empowerment by creating an empowerment indicator by building on eight criteria. These include mobility, economic security, ability to make small purchase, large purchases, and involvement in major household decision, and relative freedom from domination by the family, political and legal awareness, participation in public protests and political campaigns. The acquisition of these characteristics appears to show the level of empowerment. They however, emphasize that different cultures have different distributions of power in some areas where decisions making for men is different from that of women. Evidence from South Asian studies suggests that within the family, the purchase of food and other items for household consumption and decisions that are related to children's health appear to fall within the women's arena. Meanwhile, decisions on education and marriage of children and market-related transactions in core assets tend to be within the men domain.



Hashemi, Sidney, Schuler and Riley (1996) examine whether women's access to credit has any impact on their lives, irrespective of who has the managerial control. Their results seem to suggest that women's access to credit contributes significantly to the enormity of the economic contributions reported by women. It is also reported that there is an increase in asset holdings in their own names and an increase in their exercise of purchasing power besides their political and legal awareness. But at what level and how are beneficiaries able to use credit to build assets and to improve their socio-economic condition?

It seems that most microcredit programs target women with the explicit goal of empowering them. Nevertheless, there are varying prime motivations for pursuing women's empowerment. Some appear to argue that women are among the poorest and most vulnerable of the underprivileged and thus, helping them should be a priority. Yet, others are of the view that investing in women's capabilities empowers them to make choices, which is not an end to it but also contributes to better economic growth and development of the nation as a whole.

Cited in Asamoah (2002), the former UN Secretary General, Kofi Annan remarked during the International Year of Micro-credit 2005 that underscores the importance of microfinance as an integral part of the collective effort to meet the Millennium Development Goals. In his presentation of the concept paper, the then UN Secretary General, Kofi Annan (2003:1) said:



Sustainable access to microfinance helps alleviate poverty by generating income creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs. The great challenge before us is to address the constraints that exclude people from full participation in the financial sector. Together, we can and must build inclusive financial sectors that help people improve their lives.

The quotation above shows how importance UN attached to micro-credit as a tool for poverty alleviation and socio-economic empowerment. The next discussion is focused on the analysis of women's socio-economic activities.

2.3.3 Women's Socio-Economic Activities

The analysis of women's activities is to understand the women's workload and the implications of development programmes on it. Many development experts who are working with grassroots women believes that the analysis of women's activities is one of the main instruments to show in what ways development programmes address women's strategic gender needs. Practical gender needs are related to existing gender roles and strategic gender interests challenge those roles in favour of equity for women. Addressing practical gender needs reinforces the existing division of labour, which subordinates women (Apusigah, 2004; Parker, 1993). If the development programmes force women into traditional female domain activities, certainly they increase women's workloads in areas in which women already bear the heavy work burden. Gender analysis is systematic ways of exploring how gender affects what women do and how women participate in their communities and families, particularly in development activities (Parker, 1993).

The ways society organizes its gender roles, has a significant effect on the type of work that women and men do and how that work is valued. Generally women bear more workload than men and their work is less valued than men's work (Overholt, Cloud, Anderson and Austin, 1991). There have been more debates concerning development programmes, particularly income generation activities which would place an additional burden on the workload of women. It has also been identified that women have a primary role in subsistence agricultural production, water, fuel and economic fruits collection as well as transport, and poultry production, giving birth that couples with child care and health care. These activities are often viewed as non-economic and generally carry no remuneration (Overholt,





Cloud, Anderson and Austin, 1991). Studies show that women, especially rural women work for long hours but many of their activities are not defined as economically active employment in national income accounts, but are essential to the well-being of their house households (FAO, 2011). Women also constitute a significant proportion of labour force on their family's farms or other activities; whether producing for household consumption or commercial purpose or both (UNIFEM, 2005). This actually shows that women's contribution to the national development is not much recognized. In fact these tasks are essential economic functions that ensure the development and preservation of the human capital for the family and the nation as a whole. A development project might affect men and women differently because of their different responsibilities that are socially determined. In development programmes, the analysis of women's activities involves taking a close look at the work that men and women do, the time in which they have to do their work.

Kabeer (1998) argued that women find their sense of self-worth in their economic performance when they invest in their own enterprises outside the homestead, are able to turn from the demeaning forms of domestic work, and perform waged labour. Consequently, there is the need to assess what new areas of economic activities that can be addressed by rural banks' programme for rural women in Ghana. The analysis of women's activities shows how their labour is valued by the development policy makers and their family members. Women's activity analysis will question whether the rural banks' activities are able to change the existing gender roles in Ghanaians' society. If it does or does not then what positive or negative effects would there be on women?

2.3.4 The Status of Women

Any assessment of the status of women has to start from the social framework, social structures, cultural norms and value systems that influence social expectations regarding the behaviour of both

men and women and determine women's roles and their position in society (Pambè, Nagel, and Ingrid, 2013).

A society is composed of many institutions and the most important ones are the system of decent family and kinship, marriage and religious traditions. They provide the ideology and moral basis for men and women about their rights and duties and their status and role. For centuries, women have been deliberately denied opportunities of growth in the name of religion and socio-cultural practices. Women have become prey to many abhorrent customs, traditional rigidities and other vices due to which their status in the society has been touched and their situation are all round bleak (Jain and Mansuri, 1997). According to Jain and Mansuri (1997), women have been victims of widespread illiteracy compared to the men, forced child marriage, indeterminable widowhood, rigidity of fidelity, polygamy, female genital mutilation, violence and the complete denial of individuality. Besides, the economic dependence, early tutelage of husbands and in-laws, heavy domestic work-load which remained unpaid and unrecognized, absence of career and mobility, non-recognition of their economic contribution, poor work conditions and wages, and monotonous jobs which men generally refused to do was also responsible for their pitiable conditions (ibid). At the socio-political plain, women suffered from the denial of freedom even in their homes, repression and unnatural indoctrination, unequal and inferior status.



The religious, traditions and social institutions have a deep bearing on the role and status of women. Practices like giving away of daughters in marriage and the importance attached to sons for maintaining the continuity of the family line have strengthened the patrilineal social structure of some societies in the country, as in case of some communities in Ghana. This has made society to be dominated by men, hence women are a victim of male domination in the respective sphere of life; especially in economic life, for instance, over decision making on resources, on utilization of her earnings and on her body. In

daily life women are routinely defined by sex and they are potential victims of rape and violence. Though, human species has made significant progress in several spheres of life. It seems man has not grown enough to overcome the self-made mental slavery to the laws of the jungle. Since time immemorial the laws of physical strength thrives at the expense of the weak and has made women the primary under-dogs of an exploitative society (Jain and Mansuri, 1997).

However, some progress has been made in advancing women's equality and rights generally in Ghana. Increasingly, the activities of mostly women led rights organisations have led to laws and policies in Ghana formulated that aimed at promoting women's rights (Manuh, 2007). Thus, for child marriages, child labour, outmoded customs, widowhood rites and intestate succession are some of the issues that have been tackled by legislations. However, more remains to be done to ensure total guarantee of human rights of Ghanaian women because most women still live in poverty, depend on men, and are surrounded by attitudes and codes that tolerate oppressive behaviour or allow serious violations of women's rights to be "settled" without justice or accountability (Manuh, 2007). An attempt has been made to eradicate or minimize domestic violence among households; a domestic violence bill was introduced in parliament and passed into Domestic Violence Act in 2007. Women living with disabilities, rural women, uneducated women and women in polygamous marriages tend to have unique challenges; these women because they are often poor and stigmatized hardly challenge abuse of their rights (Manuh, 2007).

While several complementarities between the genders exist in different Ghanaian communities, the various systems of customary law under which the majority of marriages and partnerships are contracted do not view women and men as equal partners, despite recent constitutional provision guarantees equality and non-discrimination of persons have not succeeded in eradicating of such view. The most widespread and de-humanizing discriminations and assault against women are on the



psychological level (Jain and Mansuri, 1997). The female psyche is being crushed in the very childhood. The female psyche is brutalized long before bodily violence is inflicted on her. They are conditioned to accept inferior positions in society. Women from childhood undergo a slow unconscious process of destructive or denial of their self-worth. Society, through a process of conditioning, creates in girls at home and in school certain thinking patterns, which ascribed to the female sex an inferior status. Besides, society gradually trains them to make this value system their own.

Another result of the social conditioning is that man either as father, brother or husband considers women as socio-economic gift of his household. A woman's value judged, not so much in terms of her worth as a person with rights and dignity but as in terms of her utility to man.

In terms of women's socio-economic status in Ghana, although women form a little more than half of Ghana's population, they do not enjoy a high economic status (See 2010 Ghana Population and Housing Census). Women account for about 50% of the labour force and are found in almost all sectors of the economy, however, majority of Ghana's women are found in farming and other informal sector activities such as wholesale and retail trade. Few women are found in administrative and managerial jobs (only 1% of Ghana's economically active women are in public administrative positions) (Amu, 2010).

In spite of women's major contributions, it is worrying to note that they do not occupy key decision-making positions in all sectors of economic, political and social life. Even in situations where they occupy high positions, the nature and character of their roles and responsibilities tend to reinforce the notion that women are merely suitable to address survivalist questions rather than exercise power for social-economic development (Mensah- Kutin and Dzah, 2010).

Ghanaian women are concentrated at the lower levels of economic activity and so do not significantly influence policy decisions. Amu (2010) has attributed women's low economic status to their low access



to education and other economic resources and their generally low self-esteem, attributable to the way females are socialized in Ghanaian society.

A study on the relationship between women's contributions to household expenditure and their involvement in conjugal decision-making in Ghana, showed that a woman's contribution to household expenditures, in some instances, increases her participation in conjugal decision-making in Ghana (See Demographic and Health Survey of Ghana, 2003).

Available studies in different settings on the relationship between socioeconomic factors and women's status show mixed results, and a number of them report reasons to expect variations in the effects of women's socioeconomic characteristics on different aspects of their life. For example, while some studies indicate that poverty is a strong predictor of domestic violence, others show that it is an insignificant factor (Kishor and Johnson, 2006). Literature usually reports higher socio-economic status with educated women and those participated in wage work and to be positively related with women's greater say on decision making in the household. According to Boateng, et al (2012), wealthier women were found to be more likely than poorer women to be involved in decision-making on their own health care, while employed and educated women were more likely to have a say in all aspects of the decision-making in their household, relative to unemployed and illiterate women in Ghana.

However, findings in Turkey bring to light the complexity and ambiguity of the empowering effects of wealth, education, and employment for women. Compared with women with no formal education, university graduates were found to be less likely to experience violence inside the family. At the same time, women who worked for pay and women who had personal earnings faced higher risk of marital violence than women who did not work. Family income was also positively associated with partner's violence, so the incidence of domestic violence was much greater in wealthier households than in poorer ones (Kocacik, Kutlar and Erselcan, 2007). In the contrast, findings by Boateng et al (2012)



cited above show that among wealthy, well educated and employed Ghanaian women, neither education nor paid employment prevented women from experiencing domestic violence (Amoakohene, 2004).

In conclusion, this situation has made majority of women, especially those in rural areas to live a life of dependency that does not possess any self-identity. Struggle for equality, justice and parity between women and men continues with more and more calls for empowerment of women which is current agenda of many countries, international organizations and gender activists.

2.4 Theoretical Framework

The concept of women's empowerment appears to be the outcome of several important critiques and debates generated by the women's movement throughout the world, and particularly by feminists in developing countries (Batliwala, 1994). According to Batliwala, (1994), many people are still confused and unclear as to what women's empowerment implies in social and economic terms, and how it differs from earlier development programmes. Women's empowerment focuses on individual and collective aspects of power, yet it remains a fuzzy concept, and there is still considerable debate about its meaning and measurement (Calvès, 2009; Kabeer 2005; Malhotra, 2003). The concept of women's empowerment is defined and measured in numerous ways. Many authors conceptualize empowerment more as a process and less as an outcome, that is a progress from the state of gender inequality to the state of gender equality (Cueva and Beteta, 2006; Kabeer 1999, 2005; Kishor, 2000).

Women's empowerment is considered as a process and within this process, those who have been denied the ability to make strategic life choice acquire such ability (Kabeer, 1999). Empowerment is a process that gives power to the disempowered and increases their ability to make strategic choices. People who are able to make strategic life choices, but who were never disempowered, are merely powerful, not empowered. Therefore, those who are disempowered are either denied or are limited in their choices.





Thus the existence of viable choices to achieve desired outcomes is fundamental to the concept of empowerment. In order for choice to exist, there must be a possibility of alternatives. One must perceive and be able to choose from the alternative options. Kabeer (2005) explains that some choices have greater significance in terms of consequences than other choices and makes a distinction between first- and second-order choices. Kabeer (2005) therefore outlines three dimensions of empowerment, explaining these are the pathways through which empowerment occurs. The first dimension is resources, which she describes as the conditions of choice, meaning one perceives and is able to choose alternative options. The second dimension is agency, which is a process by which one distinguishes between strategic life choices and second-order choices and makes choices in either arena. Resources and agency are thought of as catalysts for empowerment. In some of the other literature, these terms are often referred to as control, awareness, or power (Kabeer, 1999). The last dimension is achievements, which refers to the consequences of the choices made. According to Kabeer (2005) a change in one dimension can lead to changes in the others. Therefore these three dimensions can be seen as interacting.

Kabeer (2005) characterizes resources as material, human or social in form. Resources increase the ability to exercise choice and are the means through which agency is carried out. They are attained by way of social institutions and relationships in society. When social institutions and relationships promote male authority and endorse gender inequality, women become limited, relative to men, in their abilities to access resources (Kabeer, 2005).

Kabeer (2005) explains that having access to resources is a necessary pre-condition of empowerment; however access alone is different than having control. For that reason, access to resources is not sufficient; women must also have the ability to identify and utilize those resources. Kabeer (1999) refers to this as agency, explaining one has to have the ‘power within’ to define one’s own goals and

act upon them. This is often operationalised through decision making abilities. How one sees herself (that is, her sense of self-worth) is the foundation of empowerment.

Kabeer depicts achievements as the extent to which one's capabilities (that is, resources and agency) are realized. These can be understood as outcomes. It is critical to note whether differences achievements are because of one's ability to challenge inequalities, rather than a difference in personal preference or individual characteristics, such as laziness, where power is not an issue (Kabeer, 2005). The three dimensions described above make up Kabeer's conceptual understanding of empowerment. Kabeer (2005) argues that they must be considered indivisible when it comes to developing meaningful and valid measures of empowerment.

McWhirter (1991) argued that empowerment is the process by which powerless people, organizations, and groups: (i) become conscious of the power dynamics at work in the context of their lives, (ii) gain the skills and capacity to assert reasonable control of over resources and enhance control their lives, (iii) exercise this control without impinging upon the rights of others, and (iv) support the empowerment activities of others in the community.

The Commission on Women and Development (2007) designed an empowerment methodology to be used for program development. In doing so, they were first faced with conceptualizing the term empowerment. However, the Commission's conception was influenced by Kabeer's concepts, as well as other theorists (Alleman, 2010). The Commission's guide describes empowerment as providing greater control over resources, increasing one's own power and introducing more socio-political spaces.

That empowerment occurs at two levels: the individual and the collective level. At the individual level, one acquires greater independence, enhances capacity for self-determination and increases opportunities. At the collective level, groups increase their abilities to influence social change. However, this model primarily highlights the individual aspects of empowerment. This model identifies





four core concepts of empowerment; assets, knowledge, will, and capacity - and argues that they are useful when assessing the outcomes and impact of empowerment programs (The Commission on Women and Development, 2007). According to Elsa (1998), empowerment is a process in which women build their capacity to organise themselves and to increase their own self-reliance; they acquire knowledge, make choices, and control resources that will assist them to challenge their own subordination.

Rowlands (1995) identifies three dimensions of empowerment: personal empowerment, relational empowerment and collective empowerment. According to Rowlands (1995) personal empowerment is associated with generating individual self-esteem, self-confidence, capacity building, and unravelling the effects of internalized oppression. Relational empowerment increases people's negotiation skills in changing the nature of relationships and the decision-making process. The collective sense of empowerment refers to people working together to achieve a group goal. This argument focuses on the process of empowerment itself in order to challenge women's subordination.

Longwe (1994) also explores the extent of equality achieved between women and men through development according to the conventional sectors of the economy and society in terms of education and employment for instance. In Longwe's framework, development means enabling people to take charge of their own lives. Therefore in assessing women's empowerment, Longwe (1994) has introduced a women's empowerment assessment framework, which includes five levels of empowerment: welfare, access, consciousness, participation and control. The extent to which these levels are present in any area of social and economic life determines the level of women's empowerment. Access and control over resources are the most important indicators as to how women can be provided with the means of increasing control over their lives. In this framework, women's control over resources is considered the high level of empowerment. Increasing control over resources

means an increase of women's equality compared with men in development programmes (Longwe, 1994).

According to Kishor (1997), women's empowerment can be defined as women's control over key aspects of their lives. Kishor (2000) points out indicators of women's empowerment as agency or end-result, that is, evidence, should directly measure women's control over their lives or environment, while indicators of process should document the existence or absence of an appropriate setting for empowerment and women's access to different sources of empowerment.

El-Solh (1999) as cited in Siakwah (2010), postulates two theoretical propositions on the macro-level for supporting microfinance interventions empowering women: economic and human resources. The economic source theory is by enabling women to establish micro-enterprises, microfinance supports the efficient use of labour and capital as factors of production and therefore contributing to economic growth and ultimately to sustainable development. The human resources theory is generally accepted that microfinance is labour-intensive, facilitating access to microfinance is likely to result in the acquisition of new skills and the upgrading of existing ones and thus improve on the capacity of the poor to generate income and improve their livelihood.

In addition to the discussed theories underlying microfinance, another spinoff theory postulates empowerment as the poor become empowered when they participate in microfinance activities (Hashemi, Schuler and Riley, 1996; Chester and Kuhn, 2002). Credit can make women to organize themselves into groups and self-managing their groups, and gaining control over the means of making a living, the poor women become empowered and independent. From the authorities above, empowerment is seen as both outcome and process that involves the ability of the poor to transform their lives. The above concept of power and empowerment showed that empowerment as outcome is based on women's self-confidence and self-esteem which are core values of women's empowerment.





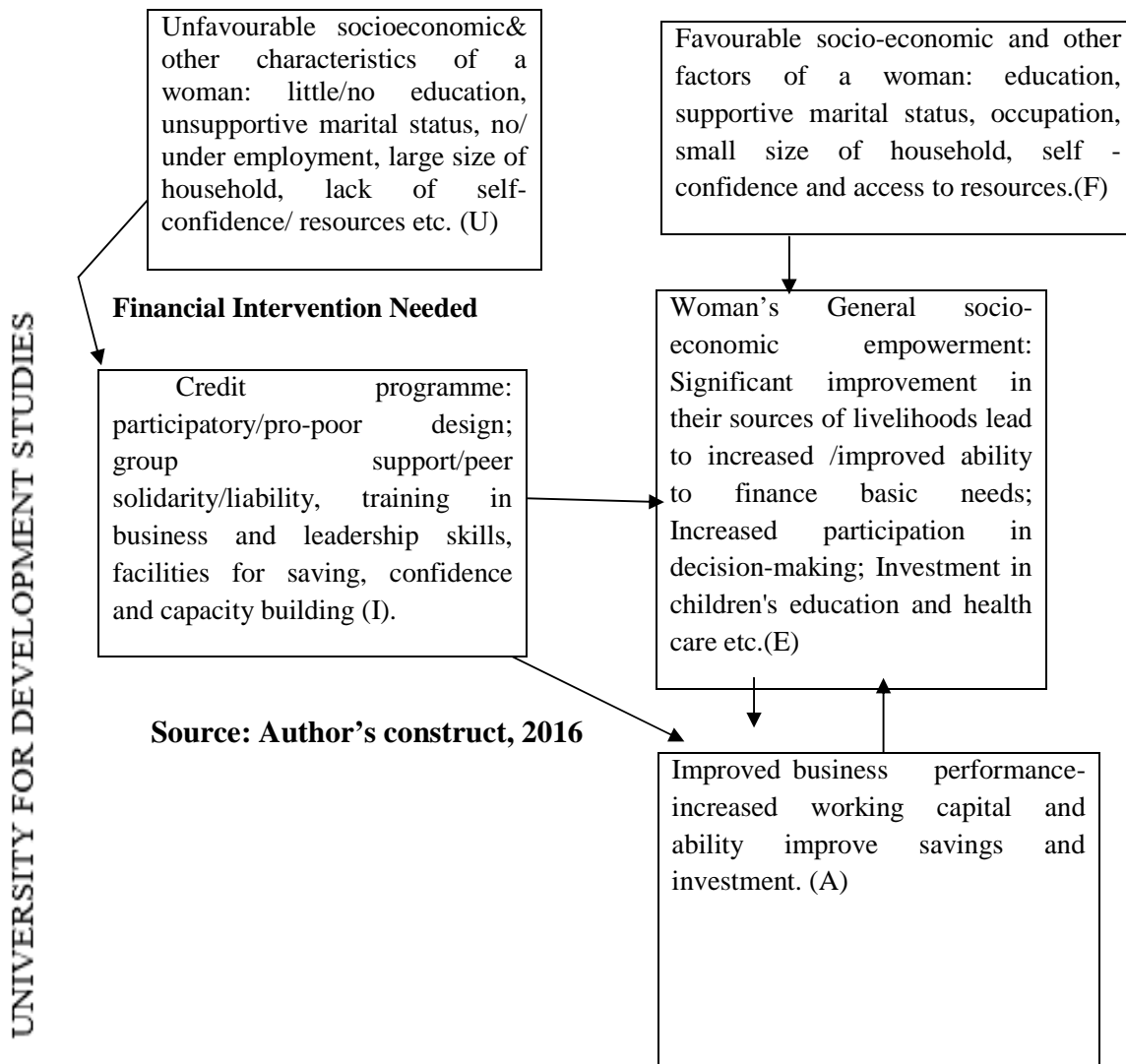
These core values can be generated through an effective process of empowerment in which women's capacity can be built to control over material and nonmaterial resources. The analysis made so far from these authorities almost pointing at the measuring indicators of empowerment stress more on access to and control over resources which should be the key indicators of women's empowerment that should be adopted in assessing women's empowerment under the Wenchu rural bank's credit programme. The theoretical framework of this study is based on the set of these concepts that proposed the operationalisation of women's empowerment. However, more emphasis was placed on Longwe Framework of Empowerment, Kabeer's three dimensional models and El-Solh (1999) theoretical propositions on economic and human resources. The study viewed in particular, the control over access to resources, participation in household decision-making and economic activities, as evidence of empowerment as well as indicator of the setting for empowerment.

The study intended to also conceptualise the relationship between credit programme and women's empowerment in simple terms as; it is presumed that a woman current status is determined by her socio- characteristics and resources available to her. It is assumed that all things remaining equal, if a woman has favourable socio-economic conditions (F), the woman would be directly empowered economically and socially (E). For instance, an educated and gainfully employed woman who also has access to credit, such a woman would be able to educate her children to a higher level than a woman who lacks education and/or employment and access to resources. In contrast, woman with unfavourable socio-economic background in (U) would not be able to transform her life and that of her children and therefore empowerment becomes difficult or impossible without intervention. Given that, the majority of Ghanaian women especially those in rural areas are poor, illiterates and lack access to financial resources like credit, they are more likely to be lower in their socio-economic status, experience low self-confidence and lost hope for themselves and their children. Their ability to transform their lives

would thus, depend on more interventions that have the potential to develop their individual abilities and also grant them the needed financial resources to back their choice and opportunities. It is in this respect that credit schemes which are pro-poor as in (I) are needed for such women. The lending to them should be without physical collateral demand and training is needed which has gained an increase support as a tool for the empowerment of poor women. Since the majority of women depend on self-employment, their ability to enhance the performance of their businesses will lead to economic empowerment (A), which in turn, will translates into social empowerment of women (E). The above conceptualization is presented in a simple table (Table 2.2) below:



Table 2.2: Relationship between micro-credit and women's empowerment



It is further conceived that when business is performed well, profits would increase and women would be able to pre-finance their needs, invest more in their children's education and health care and be able to participate confidently in household decision making.

2.5 Conclusion

The chapter reviewed the relevant state of knowledge on financial interventions aimed at improving women condition. The chapter commenced by discussing the rural banking and the need for rural credit for the rural sector. The rural banks and credit schemes, structure and legal framework of the financial sector in Ghana were reviewed. The rural financial providers are also discussed as they play a very important role in providing financial service providers to the poor. It was realized from the available literature that the impacts of microcredit on empowerment, poverty and income generating activities have been with divergent arguments.

Financial institutions initially targeted women to boost their loan repayment and ensure compliance with intervention regulations. Credit was later used as a tool to foster gender equity and empower women. These institutions also focused on women because they were more likely to fulfil the poverty reduction and empowerment objective. Despite the empirical evidence of greater benefits which were largely realised, empowerment of women indicates mixed results because finance services do not challenge the social structures that perpetuate patriarchy in most societies of developing countries.

With women's socio-economic empowerment, evidence shows that due to ideological and political reasons, practical gender needs are seen as social problems and more attention is paid to in addressing this problem, but strategic gender needs are ignored. Only the symptoms of women problems are dealt with by development intervention, but the root causes of women's subordination in society are neglected. No question is asked on why and how gender inequalities have been constructed and maintained in all spheres of household, community, and the state. Instead, development interventions implemented often reinforce women's responsibility for domestic roles and indirectly give more power to men in their communities. As Rogers (1983) noted, the root cause of women's poverty and



subordination lies in patriarchal social structures whereby land ownership, law, civil codes, labour codes, child custody rights, and the right to divorce, still underwrite male control.

In addressing the main causes of women's subordination and oppression there must be a collective action through consciousness-raising as emphasizes. According to Boesveld (1986) governments in developing countries are unwilling to address women's programmes effectively because they do not fit well with their long standing cultures. Culture on the other hand, is not an immutable entity but is constructed with various dimensions that are strongly associated with the interests of certain groups of people (Boesveld, 1986). As a result women became powerless within this cultural construction.



CHAPTER THREE

METHODOLOGY

3.0 Introduction

This section discusses the research design, methods and techniques that were used to gather information for this study. As well, it discusses population, sampling techniques and data analysis.

3.1 The Research Design

The research design chosen for the study of the socio-economic empowerment of women in the Wenchi Rural Bank's catchment area was descriptive survey design where both qualitative and quantitative approaches were used. The choice of the survey method is motivated by the fact that it best describes the opinions, personal characteristics, perceptions, preferences and attitudes of respondents (Ajala, 1996). Besides, the survey method is deemed appropriate since it would enable one to gather data on relatively large number of people at the same time. It is designed to provide further insight into the research problem by describing the variables of interest.

A research design facilitates the identification and/or development of procedures and logistical arrangements required to undertake a study and thereby emphasizes the importance of quality in these procedures to ensure their validity, objectivity and accuracy (Akhter, 2003). Kerlinger (1973) points out that survey is the best research design for obtaining social facts, beliefs and attitudes. The use of this research design, as indicated by Brown (1996) includes; the collection of large amount of data (which is quick and cheap); can be used to obtain retrospective information; generalizing data to the population if possible; it is possible to make comparison of individual and assessment of relationship of variables; and data can be collected from a large cross-section of respondents which would have been unable or difficult to collect by other methods. Trend analysis (generational study) had been employed to investigate how the rural bank services have impacted on women's socio-economic status in Ghana



and that had empowered them. In this research, the researcher had gathered the experiences and opinions of the respondents through interviews that had provided the informed inputs to the data.

3.2 Target Population and Sample

3.2.1 Target Population

The target sampling frame of this study was women clients of the Wenchi Rural Bank with emphasis on those who accessed financial services (particularly, micro-credit recipients). Those credit recipients who had used the credit in their income generating activities for at least six months. The bank officials were also part of the respondents interviewed to solicit information from them concerning their role in women socio-economic empowerment through their credit activities. The bank was chosen because it was one of vibrant rural banks in the country that the findings of this research might be enough representation of all rural banks. The bank had 640 clients on the micro-credit scheme and covered 14 communities.

3.2.2 Sampling Procedure

Sampling is the act, process or technique of selecting a suitable sample or a representative part of a population for the purpose of determining parameters or characteristics of the whole population (Creswell, 2009). Two main sample techniques used in various research studies was adopted and applied for the study. These were Probability Sampling and Non-probability sampling (Twumasi, 2001). Probability sampling also referred to as ‘random sampling’ or ‘chance sampling’ gives every item in the universe an equal chance of inclusion in the sample. Examples include simple random and cluster sampling. The operation of the bank covered many communities which are dotted in the research area and all of them could not be covered due to time factor and resource constraint.

Simple random sampling was used to select six communities from fourteen communities for the research. The selected communities were left as clusters where simple random sampling technique was



used to select the beneficiaries from each community to constitute the sample size. Excel spreadsheet was used, that is, random number was generated by using excel formula; = RAND () for each beneficiary. The random numbers were ranked by using the RANK () <n formula and the names of beneficiaries with values of 'TRUE' were considered as the selected beneficiaries. However, the group leaders were purposively selected and through that the group leaders were the first point of call and they had helped me identified selected respondents in the communities.

The Non-probability sampling such as purposive sampling procedure was also used to select the bank officials for the interview. The purposive sampling technique allowed the picking of interview participants that fit the focus of the study (Osuala, 2001). Also, according to Kumekpor (2002), with the purposive sampling, the sample units are selected not based on random procedure but intentionally selected for the study. This is based on the fact that they have certain characteristics that suit for the study or because of certain qualities they possess, which are not randomly distributed in the universe but necessary for the study. In all 45 credit beneficiaries and 5 bank officials were obtained for the interview.

3.2.3 Sample Size

According to Yin (1993), in social research, the rationale is to make generalization or to draw inferences based on samples about the parameters of the population from which the samples are taken.

Yin (1993) points out that researchers need to select only few items from the universe for the study purposes, and a study that is based on a representative sample is often better than one base on a larger sample or on the whole population; for there is no need interviewing large number of people saying the same thing.

The sample size used in this research were 45 credit beneficiaries from the Wenchi Rural Bank's micro-credit scheme. The distribution of the respondents in this research was from the six communities that



were selected. The researcher's choice of the sample size was influenced by the following factors such as the specific population parameters of interest, time and the cost of the study. Also these communities have common cultural practices and findings from this sample size would be accurate representation of the population. An optimal sample is one which fulfils the requirements of efficiency, representativeness, reliability and flexibility. Selecting the bank officials for the interview, the researcher was directed to the micro-credit department of the bank. According to bank manageress, they had the information concerning the target population and so five officials were purposively selected for the interview.

3.3 Sources of Data

Information was gathered from primary sources. The sources involved the collection of data from persons believed to have the requisite information. These sources included 45 key informants (credit users) from six communities in the catchment of the bank and five of the bank officials whose views were quantitatively and qualitatively tapped.

3.4 Instrument and Data Collection Procedure

3.4.1 Data Collection Instruments

Asamoah-Gyimah and Duodu (2006) refer to data as the kind of information researchers obtain on the subject for their research and there are two major approaches used in gathering data in social research; these are the primary and secondary sources. Socio-economic and demographic characteristics of the study population play an important role in selecting of a method for data collection. It is therefore important for the researcher to bear in mind the type of people he or she is dealing with, the nature of the social situation, and the mood of the environment as well as the psychology of the people (Peck and Furman, 1992). The researcher should further consider the type of research problem, the stage of



formulation and conceptualization of the research problem, whether the research is exploratory or it attempts to compare or measure variables, the theoretical orientation of the research and thereby determine the selection of a research method as well (Peck and Furman, 1992).

Opie (1992) explained that feminist research could reduce women's subordination on a certain level in the process of research. That the research process and procedure has the potential to empower disadvantaged groups through the questions that should be asked and probing facts, in which they become aware and contribute in the analysis of social phenomena. Opie (1992) adds that research becomes sensitive to the involvement of participants in the process of research through encouraging participants to provide their opinions and create a scope to realize the system which put them at a disadvantage and that can be challenged.

The appropriate instruments used for the data collection for this study was interview guides for the respondents and bank officials in the survey. The interview guide was intensively used because the research intended to explore the beneficiaries' opinion, experience, values and impressions in order to gather qualitative data. Also part was structured questionnaires which were used for the demographic characteristics and other variables that deemed necessary for the quantitative data. One set of questionnaire was answered by each beneficiary. Some questions were also answered by the bank officials. It was necessary for the researcher to use more than one method in the data collection to gather the actual facts prevailing on the field. In-depth interviews, personal observation and group discussion were employed to gather the data socio-economic empowerment by the rural bank's credit programme. The source of the data for this study was primary source.



3.4.1.1 Questionnaire

The importance of a well-designed questionnaire that elicits valid and reliable information from respondents and additionally facilitates analysis and interpretation cannot be overemphasised (Creswell, 1994; Bell, 1999). For this study, interview guide was deemed appropriate instrument used to elicit the information from the respondents. The interview guide was made of two parts; the first part was closed-ended questionnaires which were used to collect demographic data of the respondents and other variables that quantitative data were needed. The second part contained questions in the interview guide which were used to probe into the beneficiaries' use of credit in their income generating activities in order to obtain information for the study.

The target population in the research area was characterised by high illiteracy, the questionnaires were administered and interview conducted in local language as the questions were translated to respondents. This type of researcher-administered questionnaire enables questions to be explained to respondents and that had resulted in higher response rates. In all 52 questions were raised in interview guide to assess the credit intervention. Fifty participants were administered with these questionnaires, thus forty-five individual women beneficiaries and five bank officials. Also, there was a section of the interview guide that was used for group discussion and four groups were contracted.

3.4.2 Data Collection Procedure

3.4.2.1 Interviews

The interview guide was used to elicit the beneficiaries' views on the efficacy of microcredit as a strategy for empowering them. The use of the interview guide was appropriate because of low level of education of respondents in the catchment area. It allowed for open discussion from which the researcher could pick up clues and other information that might not come up if close-ended questions



were used. The 45 beneficiaries selected were the key informants for the research and they were interviewed. Convenient time for the informants was arranged because the research area is made up of farming rural communities. To avoid their busy schedules, the appropriate time of getting the informants for the interview was chosen and fortunately for me the credit officers had meeting schedule for them which I took advantage to meet the beneficiaries for the interview. The interviews of these informants were centred on how the credit beneficiaries were introduced to the credit scheme, the changes that occurred in their economic and social conditions as they engaged in the income generating activities. Also the factors that facilitated their success in their income generating activities and the challenges encountered.

3.4.2.2 Personal observation

In order to get a better understanding of respondents' attitude and to confirm some of the responses that they had provided during the interviews and focus group discussions, field observation had become eminent. Due to time constraint of this research, direct personal observation was favourable compared to participant's observation. Women's income generating activities and the challenges those beneficiaries of credit faced, and issues on rural life that the informants might not be willing to discuss were observed. Trochim (2006) asserts that a direct observer needs to be unnoticeable as possible whilst watching instead of becoming engrossed in the whole process. According to Trochim (2006), observation might entail systematic noting and recording of events, behaviours and artefacts in the social setting under study. It seems to be a fundamental and important method in qualitative inquiry.

3.4.2.3 Focus Group Discussions

According to Marshall and Rossman, (2006) participants in most focus group discussions seem to share certain characteristics relevant to the study's questions. The interviewer creates a supportive



environment by asking focused questions to encourage discussion and expression of differing opinions and points of view. These discussions can be conducted several times with different individuals so that the researcher discovers trends in their perceptions and opinions expressed, which are revealed through careful, systemic analysis (Marshall and Rossman, 2006). It is asserted that focus group discussion is one of the strategies used to collect data on issues involving problem solving to come out with a strategy. It requires immense observation skills to make the discussion meaningful (Siakwah, 2010). However this method might appear not good for sensitive personal issues and problems that can generate conflict.

The focus groups discussions were used and the discussion was done based on the interview guide. The focus groups were carefully and purposely selected from the credit groups that had already been formed. Four groups were selected out of twelve credit groups presented by the bank. Issues discussed were centred on the groups formation, control over decisions of the groups, groups liability and the benefits members derived from the groups that could result in economic and social empowerment.

3.5 Trend Analysis

The study used trend analysis as its source of data analysis. This arose out of the type of study being carried out. Rosenberg (1997) states the selection of a strategy for analyzing trend data depends in part on the purpose of the analysis by the researcher. Rosenberg (1997) indicates once there is a sound conceptual framework, tables, graphs and statistical analysis are the tools for examining and analyzing trend data. In this study, tables were employed to represent the data for interpretation. The data from the primary source (the women credit beneficiaries) were used to validate the findings from the analysis. The trend analysis was focused on looking at the overall pattern of change in economic and social



indicators in terms of their working capital, profits, and savings as beneficiaries carried out their income generating activities over a period of time.

3.6 Data Analysis and Presentation

Data obtained from the field was organised through data cleaning and processing by coding and editing before data entry process. The data was translated and transcribed at the same time because the interview was conducted in the local languages of the area. In the data collection process, qualitative field notes captured on daily basis on conversations, interviews and stories on the use of microcredit during group discussions and interactions with beneficiaries were analysed after the day's work. The reason was to keep track of important events or issues that cropped up in the day's work. This process was a particularly slow and tedious task, but it was important to pay painstaking attention to ensure that the transcripts reflected what the interviewees intended to convey.

The quantitative data was disaggregated and processed using Statistical Package for the Social Scientist (SPSS). Appropriate statistical tools were used to process the raw data for interpretation and relevant inferences made from the output of the SPSS analysis. The use of trend analysis, tables was employed to represent the data for interpretation. The overall data analysis was a combination of the two approaches (qualitative and quantitative) which reflected the sum total of the analysis

3.7 Ethical Consideration

Researchers are enjoined to protect participants from harm or risk and work according to ethical guidelines and rules (Holloway, 1997). Ethics also means the researcher's own responsibility to protect himself by conducting the research safely and sensibly (Oliver, 1997). In this regard, a written notice asking for permission to conduct research with the bank's clients was sent to the bank at least two weeks before official permit was granted. During interviews and questionnaire administration in the research area, efforts were made also to ensure that respondents were willingly given out information. The high level of



illiteracy among service users meant that verbal approval was the appropriate means of seeking informed consent. Thus the researcher sought respondents consent before involving them in the research. This was included briefing the respondents about the research objectives and the roles of the respondents and how they are going to benefit from the research. Researcher also assured the respondents about a maximum degree of confidentiality in the information gathered from them. Respondents' opinions were respected when some declined recording of their voices because the microfinance crisis in the region actually poisoned the atmosphere.



CHAPTER FOUR

PRESENTATION AND DISCUSSION OF RESULTS

4.0 Introduction

This chapter presents and discusses the views espoused by the research participants, notably credit beneficiaries and officials of the Wenchi Rural Bank, who were engaged during the field visit using various methods and appropriately selected tools and techniques to elicit information from them. It begins with some quantitative analysis of socio-demographic characteristics of participants captured in the structured questionnaires that were administered on them. This was processed using SPSS where the results were obtained in frequency tables and the data were analyzed. Inferences were drawn based on the analyses. It is followed by a presentation and discussions of data from qualitative data collection methods, notably in-depth interviews from key informants, focus group discussions and personal observations. The qualitative data were analyzed based on the objectives of the study.

4.1 Socio-demographic Background of Respondents

The credit beneficiaries' demographic background in terms of age, marital status, level of dependents, level of education, religion, and other important indicators were considered as important variables which can to some extent influence the degree of poverty and the level of socio-economic development of individuals.

4.1.1 Sex and Age Group

Women were targeted in this research because they were more likely to be marginalized with regard to access to conventional forms of financial services. As discussed earlier in Chapter Two, Legerwood (1999) explains that women face cultural barriers that often restrict them to the home (for example



Islamic purdah), making it difficult for them to access financial services. The table below (Table 4.1) represents the age group of the respondents interacted with during the interview.

Table 4.1: Age Group of Respondents

Age group	Frequency	Percent
26-33	8	17.8
34-41	10	22.2
42-49	22	48.9
50-57	5	11.1
Total	45	100.0

Source: Researcher's fieldwork; 5th January – 26th February, 2016

The figures in Table 4.1 show that 48.9 percent of the credit beneficiaries were within the age of 42-49 years, the age groups of 34-41 and 26-33 years represent 22.2 percent and 17.8 percent respectively. The remaining 11.1 percent represents the age group of 50-57 years. The results indicate that the credit schemes did not actually place a ban on age, yet since one needs to work hard and be able to repay her loans and make profit, age profile of the respondents tends to be fairly young. This implies that most credit users fall within the economically active group of the population.

4.1.2 Marital Status and Number of Children/ Dependents

The marital status of the respondents was examined and the result in Table 4.2 below indicates that majority of credit users of the bank were married women, 77.1 percent represents married women. Those who said they were single constituted 8.9 percent and while those widowed and divorced constituted 6.7 percent respectively. The results show that marriage was not a factor for influencing whether one could access the loans or not as married women were the majority of the beneficiaries.



Table 4.2: Respondents Marital Status

Marital status	Frequency	Percent
Single	4	8.9
Married	35	77.8
Divorced	3	6.7
Windowed	3	6.7
Total	45	100.0

Source: Researcher's fieldwork; 5th January- 26th February, 2016

Regarding to the number of children, a cherished Ghanaian value is childbirth, and people especially women are regarded as being responsible adults when they have children. Due to that most women in Ghana would like to work harder for the welfare of their children. So they would like to take any opportunity of financial interventions such as credit in order to carry out income generation activities for the sake of their children. Women are likely to spend their incomes on their families. So the number of children a woman has can influence the way she puts to use her micro-credit facility and her seriousness to raise enough money to pay back the loan and to have enough for family upkeep (UN Report, 1998, Mayoux, 2006). As mentioned earlier, having children or dependents may be the motivating factor that made women to access micro-credit to enhance their income generating activities. This is to help them generate enough money to support the family. To some extent, having children determines the utilization of micro-credit product(s) that an individual has accessed. Some women would even like to use micro-credit to solve family problems instead of investing. It is for this reason and many others that number of children or dependents of credit users was an important variable to be included for the analysis. Table 4.3 below represents respondents' number of children. Those who said they had children ranging from 3-4 were the majority of the respondents (44.4 percent), those who said they had 1-2 children was 33.3 percent and those respondents who had 5-6 children



represent 17.8 percent. The remaining 4.5 percent of women responded that they had 7 or more children. No woman answered that she had dependents and that is understandable because in our Ghanaian culture one would view relative's child as their own and as such will not consider them as dependents.

Table 4.3: Respondents Number of Children

Number of children	Frequency	Percent
1-2	15	33.3
3-4	20	44.4
5-6	8	17.8
7+	2	4.5
Total	45	100.0

Source: Researcher's fieldwork; 5th January – 26th February, 2016

4.1.4 Religious Affiliation

Table 4.4 below shows the religious affiliation of the respondent, 86.7 percent of the respondents referred themselves as Christians, with the remaining 13.3 percent affiliated to Islam and no respondent was affiliated to traditional religion. This revealed that Christianity may be the dominant religion in the research area. In general, irrespective of their religious affiliations, the group-based micro-credit schemes allowed women in the area to co-exist peacefully by supporting each other so as to access credit using group liability. In this way, micro-credit helped promote social/group interaction and cohesion, supporting Daley-Harris (2004) assertion during the micro-credit summit in 2004 that micro-credit is a tool for conflict resolution.



Table 4.4: Religious Affiliation of Respondents

Religious affiliation	Frequency	Percent
Islam	6	13.3
Christianity	39	86.7
Tradition	-	-
Total	45	100.0

Source: Researcher fieldwork; 5th January – 26th February, 2016

4.1.5 The Level of Education

The level of education of credit beneficiaries of the bank is an important variable to be considered when examining the impact of micro-credit. The level of education of an individual influences his /her ability to function effectively in a particular sector of the economy. Asiamah and Osei (2007) say that micro enterprises are dominated by people with little or no education. This may explain why the design of micro-credit requires limited paper work thereby making it appropriate for the poor with low educational background to access. As to whether micro-credit would be useful or not depends on the level of education of the individual. The level of education also to some extent determines the kind of micro enterprise in which one can engage.

The situation on the ground seems to support the assertion that a greater number of people who engage in micro businesses are basically illiterates or have low level of education. Majority of the respondents interviewed had basic education, 62.2 percent had their education up to J.H.S level, and 17.8 percent completed or might have dropped out in primary school. With 13.3 percent of respondents claimed that they had S.H.S education and the remainder 6.7 percent responded that they attended technical and



vocational school as shown in the Table 4.5 below. This perhaps accounted for the reason why majority of them were into petty trading and farming activity and could not keep records of accounts of their businesses.

Table 4.5: The Respondents Level of education

Level of education	Frequency	Percent
Primary	8	17.8
JHS	28	62.2
SHS	6	13.3
Technical& Vocational	3	6.7
Total	45	100.0

Source: Researcher's field work; 5th January – 26th February, 2016

4.2 Ways by which Rural Bank's Micro-credit Schemes Target Women's Socio-economic Activities

Women suffer inequities with regard to access to credit and ownership of productive inputs. As a result women are likely to be poorer than men and this may constitute a justification for financial interventions such as the micro-credits that target women's socio-economic activities. Cheston and Kuhn (2002) contend that women's economic activities are targeted because they are overrepresented among the world poorest. From an economic development perspective, it has been argued that women's access to micro-credit is likely to increase their income-generating activities. It is in this vain that the research examined the ways micro-credit targets women economic activities toward their socio-economic empowerment.

Respondents were asked how they were introduced to the bank's credit facility. The question was posed to respondents whether they became customers of the bank before accessing credit and all the



respondents responded affirmatively that they became customers before. They also affirmed that they were appraised by the bank before loans were granted to them. This was also confirmed in the responses of bank officials that one had to become a customer by opening an account with the bank before obtaining loans and that all customers should undergo vigorous appraisal before they are granted credit. That appraisal was a kind of background check to ensure that beneficiaries had any kind of income generating activities or showed commitment to business. This was to ensure that beneficiaries put the loans in business but not to divest it to social issues. Thus 100 percent of the respondents responded they that were customers and appraised before contracting loans as indicated in Table 4.6 below.

Table 4.6: Being a Customer of the bank

	Frequency	Percent
Yes	45	100.0

Source: Researcher field work; 5th January – 26th February, 2016

Regarding the periods customers operated with the bank before acquiring loans, the respondents gave different periods. Table 4.7 below shows the various periods beneficiaries operated with the bank before contracting loans.

Table 4.7: Period Customers Operate with the Bank before Loans

Period of operation	Frequency	Percent
less than 6 months	17	37.8
6 months	23	51.1
more than 6 months	5	11.1
Total	45	100.0

Source: Researcher's fieldwork; 5th January – 26th February 2016





From the Table 4.7 above, 51.1 percent of the respondents said that they became customers of the bank for six months before they could engage in micro- credit activities and 37.8 percent of the women interviewed responded that it was less than six months when they became customers before they acquired credit from the bank. The remaining 11.1 percent said they operated with the bank for more than six months before they contracted micro-credit. This means that some beneficiaries had banking experience before engaging in the credit activities. However, the bank officials claimed that the period of operation with the bank did not matter much. Rather a potential client could present a viable business or business plan they could have access to credit. The bank officials added that as the bank dealt clients who had low education background, the bank placed more emphasis on any income generating activities they had engaged or could engage when the loans are given to them.

Regarding the types of financial products available to women clients, all the bank official respondents interviewed affirmed that the bank offers the women credit and savings facilities. This may be in line with the objectives of setting up the rural banks in the rural catchments to mobilize idle funds and provide credit. To confirm that the respondents were asked to mention the financial product(s) which they could easily access. All of them mentioned micro credit and savings.

The study also explored the criteria the bank used in identifying the credit worthiness of its clients, in terms of women's income generating activities, collateral, savings, or any other means. When the question was posed how the bank selects its credit-worthy beneficiaries for the loans, the bank officials responded that they placed more emphasis on the type of income generating activities and whether the initial deposit a client could make would be enough to qualify him or her to take loans from the bank. Probing further, credit beneficiaries confirmed that by mentioning income generating activities such as petty trading, hairdressing, food retailing and extraction of cooking oil and others. Farming was considered as one of the main subsidiary activities for which micro-credit was also used, though

farming did not feature substantially as a main activity for micro-credit. The reason may be the long gestation period of farm produce that would make the regular payment of the loans impossible.

The income generating activities of respondents were petty trading, hairdressing, food retailing and, extraction of cooking oil as presented in Table 4.9 below.

Table 4.8: Respondents' income generating activities

Income generating activities	Frequency	Percent
Petty trading	16	35.6
Hair dressing	8	17.8
Food Retailing	17	37.8
Extraction of cooking oil	2	4.4
Others	2	4.4

Source: Researcher's fieldwork; 5th January – 26th February 2016

From Table 4.9 above, majority (37.8 percent and 35.6 percent) of the respondents said that they had engaged in food retailing and petty trading respectively as their income generating activities. Those who engaged in hairdressing and extraction of oil were 17.8 percent and 4.4 percent respectively. Only 4.4 percent respondents indicated that they had engaged in other activities. However, farming and farm-related activities also seemed to play prominent role as beneficiaries also engaged in them as a subsidiary activities to supplement the main activities. The explanation for this appeared to be that, farming is the main economic activity in the area and that beneficiaries prefer to invest part of their credits into the farming businesses. The bank officials added that farming was not considered as a main activity for the consideration of the micro-credit because farm products take longer time to mature and



beneficiaries needed regular flow of income in order to pay their loan instalments. Moreover, farming depends on unpredictable weather conditions that could have negative impact on crop yields.

Questions were also asked to find whether the bank offers some business training to credit users, which to some extent educates beneficiaries on the ventures they proposed. The bank official responded affirmatively that they organized periodic training programmes for their credit beneficiaries and also monitored their activities. This is what an officer remarked:

This was to help and monitor the activities of the clients so that they could put the loans into the intended purpose and good use (Official, Wenchi Rural Bank, 10th February, 2016).

The project officer of Wenchi Rural Bank added that because the credit scheme targets the vulnerable group, training was organized to ensure that clients put the loan into good use that could avoid default in repayment of the loans. When the respondents were asked to confirm whether they had benefitted from any training programme organized by the bank for them to assist in their socio- economic activities, they all answered in the affirmative. They claimed that they were taught how to manage their businesses, keep some basic records, build team work spirit and leadership roles. This is what some beneficiaries stated during a focus group discussion session:

At first I did not know how to package my goods but the knowledge I acquired through training, I can now package my goods well to attract a lot of customers (Beneficiary, WRB, 10th February, 2016).

They teach us many things. What I really like is the education on how to budget our money so that we don't use it frivolously. Teaching us on how to maintain a healthy relationship with other members in our groups has also helped us a lot (Another Beneficiary, WRB, 10th January, 2016).

The evidence on the ground appeared that the bank's micro-credit is really targeting the vulnerable group including women's socio-economic activities. The officials in their responses indicated that micro-credit had been instituted by the bank to target the vulnerable with some level of concentration



on women. The researcher also made some observations that the beneficiaries of micro-credit were actually involved in income-earning activities.

4.3 The Contribution of Rural Bank's Micro-credit Scheme to Women's Socio-economic Empowerment

4.3.1 Women's Economic Empowerment

Economic empowerment in this study means the ability of the women to significantly improve or expand their economic activities or businesses leading to increased ability to meet their basic needs as well as make investments and acquire property. Experts believe that microcredit, under the right conditions, could promote empowerment of poor and catalyzed opportunities for them especially, women to become active participants in economic activities, and to attain new roles as cash income earners and managers of household incomes (UN, 2005). The research assessed the economic empowerment in terms of their working capital, profit, and savings whether there had been a significant increased since they engaged in the micro-credit activities

4.3.1.1 Working Capital

Women need capital to either to start up or expand already existing businesses. Micro-credit schemes espouse the assumption that the lack of capital and training are the main barriers to the economic progress of the poor and limit the growth of potential micro enterprises. During the interview, respondents affirmed that prior to participating in the credit schemes, they were facing the problem of inadequate or lack of working capital as their major economic constraint to their businesses. The beneficiaries indicated that they got involved in the bank micro-credit programme because they had insignificant capital. Table 4.8 shows the respondents' working capital before and after joining the micro-credit scheme.



Table 4.9: Respondents' working capital before and after credit

GH¢	Before	After	Before	After
	N	N	Percent	Percent
50-100	3	-	6.7	-
101-200	5	-	11.1	-
201-300	2	-	4.4	-
301-400	10	15	22.2	33.3
401-500	20	18	44.4	40.0
501& above	5	12	11.1	26.7
Total	45	45	100.0	100.0

Source: Researcher's fieldwork; 5th January – 26th February, 2016

Prior to the engagement in the micro-credit, beneficiaries whose working capital that were ranging from GH¢501 and above were only 11.1 percent and 88.9 percent of the respondents had their working capital below GH¢501.00. This was what they claimed was not sufficient for their businesses. However, after engaging with the rural bank, they stated that they had improvement in their working their capital as the indicated in Table 4.8 above. The evidence on the ground showed that when beneficiaries joined the micro-credit activities, no beneficiary had her working capital below GH¢300.00. Those respondents whose working capital were GH¢501.00 and above had now increased from 11.1 percent to 26.7 percent. The rest of 73.3 percent had their capital increased ranging from GH¢301and GH¢500.00. This shows that beneficiaries' engagement in the bank's micro-credit had brought a significant improvement in their working capital. In overall, the respondents expressed satisfaction with the increase in their working capital as a result of participation in the credit scheme. A beneficiary shared her experience that because she had a very low working capital, she used to depend on a half bag of maize for her corn dough business but she could now afford buying four bags of corn. She made this remark:



Engaging in Wenchi Rural Bank micro-credit, my business had expanded because I could now buy four bags of maize for the preparation of my corn dough. Business is good for me now (Beneficiary, WRB, 24th February, 2016).

During the focus group discussions, participants even told the researcher that they were earlier buying items on credit as a result of the lack of working capital, which was very disempowering. This situation became a problem for them because they were usually unable to negotiate for better prices and conditions. They explained further that due to the absence of a permanent business structure or a reliable collateral security of their businesses meant that buying items on credit is a real problem as some suppliers afraid of giving them goods on credit. A beneficiary said this during the interaction:

Sometimes I become embarrassed when I could not meet the date given to me to pay for the items I collected on credit. But now the bank has relieved me. I thank the manager (Beneficiary, WRB, 5th February, 2016).

This means that the respondents' access to working capital had made it possible for them to choose who and where to buy their goods from and thereby reduce their over-dependence on single source. This is viewed as empowering as Kabeer, (1999) described women's empowerment as a process and within this process, those who have been denied the ability to make strategic life choice acquire such ability. According to Kabeer, (1999) empowerment is a process that gives power to the disempowered and increases their ability to make strategic choices. Thus the credit had expanded the choice of beneficiaries where and whom to purchase things for their businesses.

4.3.1.2 Profit

People go into businesses in order to make profit to improve their economic conditions. With regard to profit, it appeared beneficiaries were able to improve upon their profit margins but they said this



happened intermittently because of the kind of income generating activities they operated. With regard to whether respondents had experienced increased in profits from their activities, this was done by comparing the profits they made before engaging in micro-credit and the profit after the credit activities. Table 4.10 indicates the profit position of the beneficiaries before and after their engagement in the credit activities.

Table 4.10: Profit earned before and after micro-credit

Profit in GHC	Before	After	Before	After
	N	N	Percent	Percent
1-50	15	1	36.6	2.4
51-100	10	15	24.4	36.6
101-200	8	14	19.5	34.1
201-300	6	8	14.6	19.5
Above 301	2	3	4.9	7.3
Total	41	41	100.0	100.0

Source: Researcher's fieldwork; 5th February – 26th January, 2016



After engaging in credit interventions, they indicated that they had experienced a marked increased in their weekly profit margin in their businesses for which they had contracted the loans. The figures in Table 4.10 above show the respondents experience in the improvement of their profits. After engaging in micro-credit activities, those who were earning weekly profit ranging from 51-100 Ghana cedis had increased from 24.4 percent to 36.6 percent. This means that beneficiaries who were earning GHC50.00 and below could now earn GHC51.00 and above of profit from their businesses. In the same way, those who were earning from 101-200 Ghana cedis were only 19.5 percent before the micro-credit but now

had increased to 34.1 percent, while those who were within the range of 201-300 Ghana cedis were only 14.6 percent and now had increased to 19.5 percent and those who were earning GH¢301.00 and above had risen from 4.9 percent to 7.3 percent of the beneficiaries. The remaining 4 beneficiaries could not tell whether or not there had been an improvement in their income since their engagement in micro-credit but their rights should be respected. The findings from the interaction with beneficiaries revealed that the respondents were able to use the profits earned to buy various kinds of assets. They claimed that their engagement in the micro-credit scheme enabled them to acquire some household assets such as basic household items like pressing irons and television sets, big enamel bowls, cooking pots, for their homes. However, these assets are considered as traditional female-domain assets. The profits generated from their income generating activities were also set aside as savings which the study also explored.

4.3.1.3 Savings

Institutional savings refer to both voluntary and compulsory deposits that members make to the bank. With respect to savings, staff of the bank said credit beneficiaries could make voluntary as well as the compulsory one, which is mandatory for the beneficiaries to qualify for the loans. Credit beneficiaries were also encouraged to use the regular savings facilities available in the bank. In addition, members could join any bank's *susu* scheme or any other schemes or any other financial institutions available in the area if they wished to save. The research assessed the amount of savings beneficiaries made during the period.



Table 4.11: The amount of personal saving made by beneficiaries

Amount saved in GH¢	Frequency	Percent
1-50	25	55.6
51-100	10	22.2
101-200	8	17.8
above 201	2	4.4
Total	45	100.0

Source: Researcher's fieldwork, 5th January – 26th February, 2016

The figures in Table 4.11 show that 55.6 percent of the beneficiaries made savings ranging from 1-50 Ghana cedis while 22.2 percent and 17.8 percent of the respondents made savings ranging from 51-200 Ghana cedis and 101-200 Ghana cedis respectively. Above GH¢201 were only 4.4 percent. Beneficiaries claimed that they made these savings against emergency situations in the household and in the time of financial crisis. They claimed that they could withdraw part of the savings to supplement their capital when saving increased. This action indicates the saving capacity of the poor which could contribute to their empowerment in coping with financial crisis and emergency situations. Respondents admitted that the savings depended on the season of the business.

With regard to the compulsory saving, the bank required that beneficiary should become a customer by making a deposit and saved for a period of time before loans were granted to them. Though bank officials stated that the bank requires deposits, a viable business was also needed for a beneficiary to be qualified for the loans. Respondents indicated that a specific amount of money was required by the bank for every beneficiary to deposit into her account in every month. They said that the amount depends on the loans collected and it varied from time to time as their loans given increased.

The study also assessed how often beneficiaries made saving from their income generating activities. Though they claimed savings depend on the time profit was made and how much should be used for



commitments in the household, they did make savings periodically. Table 4.12 below shows how often respondents made their savings.

Table 4.12: How often respondents made savings

	Frequency	Percent
Two weeks	4	8.9
One month	3	6.7
Not often	38	84.4
Total	45	100.0

Source: Researcher's fieldwork, 5th January – 26th February, 2016

Majority (84.4percent) of the respondents said that their savings were not regular and that they made savings when businesses were good. Only 8.9 percent of the respondents claimed that they were able to make their personal savings weekly with *Susu* schemes and the bank, and 6.7 percent of the respondents said they made savings monthly from their income generating activities. This indicates that though majority (84.4percent) of the beneficiaries stated that savings were intermittent, however, clients' participation in the micro-credit scheme had allowed them to develop the culture of saving. This was what a beneficiary said:

When business is good I make better savings from my business but when business is bad I use the little profit I generate on my family (Beneficiary, WRB 15th February, 2016).

It can be concluded that women's engagement in the bank's micro-credit scheme, their economic status had risen through increase in the working capital, profit and savings. These situations indicate the improved capacity of the beneficiaries in carrying out their income generating activities which could contribute to their empowerment in coping with financial crisis and emergency situations in their household and the communities at large.



4.3.2 Women's Social Empowerment

Women's involvement in microfinance led to a greater role in household decision-making; gaining more access to financial and economic resources; having improved social networks; having more freedom of movement; control over and access to resources (Pitt, Khandker and Cartwright, 2003). Women's social empowerment in this study was investigated in terms of women's participation in household decision- making, women control over and access to resources and the self-esteem generated as they formed groups to access the micro-credit (Pitt, Khandker and Cartwright, 2003)

4.3.2.1 Participation in Household Decisions-Making

Due to women's contributions economically to their households and society in general, it now appears they are becoming part and parcel of the decision making process (Armah, 2001). However, the question is, are their voices really heard? They may appear to be part of the process but in actual sense, they may be just passive members who merely support what their male counterparts might discuss. Besides, there might be difficulty in measuring the level of participation. The mere fact that a woman sits in a meeting might not necessarily indicate participation. Do they contribute to the debate at such meetings and are their views considered? If they do, are their suggestions given the due considerations as it deserves? These questions are answered by this research.



As mentioned earlier, it appears that at the household decision-making, women are becoming more participatory because men seem to perceive their wives as friends and economic partners with the goal of improving the living conditions of their families (Armah, 2001). This, to a large extent has translated into the community levels where women now seem to take part in planning and implementation of community projects.

Women's household decision making in this research was examined in terms of their participation in decisions on child's education and major purchases in the household as well whether they can take

decision independently regarding travelling outside the community and accessing the bank's micro-credit facility. Table 4.13 below illustrates the percentage distribution of the respondents on the participation in decision-making regarding children's education and household major purchases.

Table 4.13: Respondents' participation in household decision-making

	Frequency	Percent
Children's education	32	71.1
Household major purchase	13	28.9

Source: Researcher's fieldwork; 5th January – 26th February, 2016

Engaging respondents in discussions on how they were able to contribute to the decision-making in the household, the findings indicate 71.1 percent of the respondents claimed that they were able to participate in decision making concerning their children's education. This shows that though beneficiaries in the research area had low level of education as shown by the demographic characteristics, they were much more concerned about their children's education. As a respondent said it:



I am always concerned about my children education, so my husband could not ignore me in making decision so far as our children education is concerned. I couldn't go high in education but I want my children to go higher (Beneficiary, WRB, 23rd February, 2016).

The beneficiaries admitted that they offered support to their husbands towards housekeeping and payment bills such as school fees.

Regarding the major purchases made by the household, 28.9 percent of respondents stated that they participated in the decision-making. They claimed that their husbands consulted their opinions on decisions concerning major household purchases. They explained that their spouse shared the idea with them because they had realized that they were in the position to assist. This implies that their consultation was based on the economic status of the women. This seems to support the hypothesis that the poorest women would be less involved in decision-making concerning purchases. However, regarding smaller purchases for the house, respondents affirmed that they made those decisions on their own.

To ascertain whether it was women's own decision to engage in micro-credit schemes, the respondents responded affirmative. They stated that it was their own decision and they did not require the consent of their spouses when they wanted to access loans. Thus, their husbands or male acquaintances did not have control over their quest for loans.

Table 4. 14: Respondents' permission to access credit

	Frequency	Percent
Yes	5	11.1
No	40	88.9
Total	45	100.0

Source: Researcher's fieldwork; 5th January – 26th February 2016

The figures in Table 4.14 above show that majority (88.9 percent) of women beneficiaries affirmed that did not need any permission from their partners or any male relatives to join the bank's credit schemes. Only 11.1 of the respondents said they had to seek for their husbands or male relatives' approval before they accessed credit. They claimed it was their decision to go for the loan. They affirmed that it was



their own idea to take the loan and decide on what activities the loan money would be used for and how the enterprise would be managed.

Regarding beneficiaries' ability to travel outside the community without permission or consent of their husbands or male relatives, respondents gave different views on the issue. This is shown in Table 4.15 below.

Table 4.15: Respondents' permission to travel outside the community

	Frequency	Percent
Yes	38	84.4
No	7	15.6
Total	45	100.0

Source: Researcher's fieldwork; 5th January – 26th February, 2016

From Table 4.15 above, 84 percent of the beneficiaries indicated they were not able to travel outside their communities without the consent of their partners, and only 15.6 percent said they could travel out of their communities without seeking for permission from anyone. Those who said they sought for permission from their husbands explained that they asked for the permission because they did not want to mar the cordial relationship with their spouse. A beneficiary also said that she did so to prevent unnecessary rumour in the community and also as a form of respect to the man as the head of the family. This was a voice of the beneficiary:

I asked for permission from my husband before travelling because I fear the community will start rumours or make bad comments. It is also my husband's honour that I respect because he is the head of the family (Beneficiary, WRB, 20th January, 2016).



Freedom of women's mobility is important because it linked to their accessibility to market, which creates a way for women to buy and sell their products directly to the market. This increases their negotiation skills and market information leading to some kind of empowerment. If women in the research area still need permission from the partners before travelling, this can be seen as limitation to the process of empowerment.

4.3.2.2 Access and Control of Resources

As Jeffery and Lyon (1989) have argued, women's limited control over resources denies them power, respect, and independence. As discussed in Chapter Two, Blumberg (1995) argues that income under female control is a source of power that enhances the following; their self-confidence; their household decision-making, including fertility, buying and selling, allocating major resources, and also their decision on household matters such as children's education and marriage. They have their say over their 'life options', including marriage, divorce, and freedom of mobility. In the hierarchical power relations in our society, men have the greater access and control over resources and that influences their bargaining power in the household. Wallerstein (1992) also explained that powerlessness is related to lack of control over resources, which aggravates diseases and malnutrition. At the same time, an alternative hypothesis has developed that women's earnings was more likely to be appropriated and controlled by men because women's subordination was deeply rooted in socio-cultural practices in patriarchal society, with the belief that men's control over women was a natural phenomenon that could not be changed. These assertions are addressed in the present research; in particular, as this study assessed the impact of the Wenchi Rural Bank micro-credit on empowering rural women economically and socially in the area of women's control over and access to resources in the household.

The findings from the interaction with beneficiaries revealed that the respondents were able to acquire various kinds of assets and owned them. They claimed that their engagement in the micro-credit



scheme enabled them to acquire some business and household assets such as proper shelter (like kiosks) for their businesses as well as basic household items like pressing irons and television sets, big enamel bowls, cooking pots, for their homes. As these assets are considered as traditional female-domain assets, the research also explored whether respondents were able to venture into acquisition of long-term assets sometimes reserved as traditional male-domain assets. Table 4.16 shows the percentage distribution of the respondents' acquisition of assets.

Table 4.16: Respondents' assets acquired

	Frequency	Percent
Household assets	40	88.9
Long-term assets	5	11.1

Source: Researcher's fieldwork; 5th January - 26th February, 2016

From Table 4.16 above, majority (88.9 percent) of respondents stated that they acquired household assets and owned them. It is normal for women to acquire household assets and own them because traditionally, they are already in control of these assets themselves. However, 11.1 percent of the beneficiaries indicated that they ventured into the acquisition of long-term assets such as buildings, plots of land and livestock. In addition, they mentioned that they have farmlands of their own that were bequeathed to them by their parents. They claimed that they controlled and managed their own property for the benefit of their children. A beneficiary remarked this:

My Participation in the credit scheme helped me get some basic assets both for my home and for my business. I no longer depend on neighbours and relatives for these items that always put me in an embarrassing situation (Beneficiary, WRB, 17th January, 2016).



As the research area covered farming communities, respondents claimed that they have access to farmland owned by their husbands. They also affirmed that they did not find any difficulty in accessing micro-credit. Thus, their husbands or male relatives did not have control over their quest for loans. They only sought spousal approval by doing so out of respect for their partners and that they controlled their own money. This was what a beneficiary said during the discussion:

Why should I give all of my money to my husband or son? I supervise my loan activities. I keep my accounts, including how much money I want to invest. I keep all the money with me. My husband keeps his own money (Beneficiary, WRB, 4th February, 2016).

In general, respondents' participation in the credit schemes, had partly contributed to the acquisition and control over property in their own names, which gives them some sense of pride and power. The evidence on the ground indicated that, beneficiaries were able to acquired assets traditionally considered as female domain asset. This was a voice of a beneficiary proudly saying during the interaction:

I am now able to hold my head up high in my community. I am better able to take care of my children, help my husband pay their school fees. I no longer have to go round seeking for help and "exposing issues in my life to the outside world". I now feel more accomplished and more control of my life (Beneficiary, WRB, 7th February, 2016)

The findings also seemed to support Kabeer (2005) assertion that having access to resources is a necessary pre-condition of empowerment. However, access alone is different from having control. For that reason, access to resources is not sufficient but women must also have the ability to identify and utilize those resources. It can conclude that women involvement in bank's credit had made them to acquire household property of their own and controlled them.



4.3.2.3 Self-Esteem

Group formation for women's development is a powerful tool in weakening the inside and outside dichotomy (Bennett, 1992). It is also considered essential for their better accessibility to resources. Moreover, Bennett (1992) also points out that general awareness about community needs, readiness to accept new technology, openness to change in spite of culture barriers are some of the positive outcomes of grouping. Group formation achieves group development activities in a qualitative manner such as participation, networking, awareness and confident building of individuals. The research assessed the benefits the beneficiaries were able to derive from group formation and the figures in Table 4. 17 below show the percentage distribution of beneficiaries.

Table 4.17: Benefits respondents derived from group formation

	Frequency	Percent
Participation	10	22.2
Social networking	8	17.8
Group solidarity	25	55.6
Confident building	2	4.4

Source: Researcher's fieldwork; 5th January – 26th February, 2016

Studies found that credit users valued the periodic group meetings as a potential ground for members to participation in discussion of issues affecting them. During the interview, 22.2 percent of the respondents affirmed that they were able to participate in discussion of issues during the group meetings. This had helped them to be able to express themselves in public than before.



With regard to social networking, Armendariz de Aghion and Murdoch (2005) say that social networks are important instruments for combating poverty. Social networks are also vital for the health of women's income-generating activities. In that regard, 17.8 percent of the respondents said they had benefited from social networking as they claimed they were able to link up with other members who shared their knowledge on business with them. The quality of knowledge and information sharing were found encouraging within the groups.

Another benefit members claimed they had derived from group formation is the group solidarity and more than half of respondents (55.6 percent) responded that the group meetings had enabled members to share ideas and enhance solidarity among them. They claimed that they showed solidarity with members who were in difficulty in their household or challenges with the bank or in the community at large. The study found that financial relationships among group members were embedded in social relationships. When a member in the group encountered emergency situations such as death of relative, accident or sickness, other group members contributed to pay off the loan of the affected person and even provided further financial support. Group members attended funeral rites and other social ceremonies of their peers. This was what a beneficiary said:

.....in time of bereavement of a member, all members showed their concern and their support
(Beneficiary, WRB, 20th February, 2016).



In interaction with beneficiaries during interview showed that beneficiaries gained confidence after joining micro-credit activities. Thus, 4.4 percent beneficiaries claimed they had built confidence because of the group activities. They claimed that the improved confidence in them had made it possible for some of them to venture into areas of economic activities that are considered to be a reserve for men. During the interview, it was observed that one of the beneficiaries had invested in a cashew farm of her own at a village called Ayaayo on Wenchi- Sunyani road. The implication is that

the microcredit scheme seems to have brought about behavioural change in the area as beneficiaries have gained confidence and are capable of mobilizing resources, both human and material for development of themselves and their households. According to Elsa (1998), empowerment is a process in which women build their capacity to organize themselves and to increase their own self-reliance; they acquire knowledge, make choices, and control resources that will assist them to challenge their own subordination.

Group meeting attendance was also found to be a useful indicator of the level of members' commitment to the group and to the intervention. With regard to how the groups were formed, it was revealed that the members themselves formed the groups for the programme. These were some voices of group members during focus group discussion indicating how their groups were formed:

Because we want to understand ourselves in the group, those of us who are close and know ourselves come together. This was how our group was formed (Banku Sellers Association, WRB, 12th February, 2016).

We heard that Wenchi Rural Bank has a credit scheme and we were made to understand that if we come together we would have access to loans. So our group leader asked if I knew someone who is serious and trustworthy, and could help work out such a group I could call her. So that was what we did and formed the group (Second-hand Clothing Sellers Association, WRB, 12th February, 2016).

It was also revealed that credit beneficiaries of the credit interventions enjoyed a high degree of autonomy with regard to the running of the activities of their groups. When question was posed whether staff of the bank could take decisions concerning management of groups without consulting members of the group, all groups interacted answered in the negative. They stated that, for instance, the loans officers had to consult group members if they wanted someone to be included in the group. Another question was posed to whether the loan officer could unilaterally expel someone from a group.





The group leader (Banku Sellers Association) answered that it could never happen. It is only when the group members themselves could do so. This implies that credit users are independent and possessed awareness of their rights and generally exercised them without fear or favour. However, despite the groups enjoyed such autonomy, there were certain situations where field officers could intervene when there was evident for them to believe that there was a potential situation for loans default. For instance, it was also clear during the interview of credit beneficiaries that the field officers could unilaterally reduce the amount of loans of a beneficiary or remove her when she deemed to be risky borrower and the group was reluctant to take action against her. However, this action was not seen as usurping the autonomy of the groups but to protect the institution or scheme. While groups in the credit interventions enjoyed some level of autonomy, it can be said that the level of supervision was important for the functioning of groups.

The study also revealed that, the bank used periodic meetings as a strategy for fostering group cohesion and stimulates high repayment rates among others. At the group meeting, the bank officials reminded members of their responsibilities and the scheduled date of repayment. Rahman (1999) found that bank workers maintained strong client networks in order to make a loan operation succeed. The principle of joint liability in-group formation essentially implies that bank officials shift much of their burden of monitoring, enforcement and loan default onto groups. However, some respondents also expressed reservation about the joint liability of the group. When asked about what they thought about the issue of joint liability, some credit users bitterly complained why they should be made accountable for loans taken by others. This was a voice of a participant during focus group discussion:

Why should it be my responsibility for someone's recklessness when one collected loans and decided to use it in careless way? People should be responsible for their own actions and consequences of their actions (Beneficiary, WRB, 9th February, 2016).

4.4 The Extent of Socioeconomic Empowerment and Benefits to Women

Some studies attempt to measure women's empowerment. In assessing women's empowerment, Longwe (1994) has introduced a women's empowerment assessment framework, which includes five levels of empowerment: welfare, access, consciousness, participation and control. The extent to which these are present in any area of social and economic life determines the level of women's empowerment. Increasing control over resources means an increase of women's equality compared with men in development programmes (Longwe, 1994). In the framework, women's control over resources is considered the high level of empowerment. In this regard, these indicators of the level of empowerment had been adapted to measure the women's empowerment under the Wenchi Rural Bank's credit activities. The research tried to identify whether these levels of empowerment had been addressed by the credit intervention. Table 4.18 below shows percentage distribution of respondents rating of the levels.

Table 4.18: The level of women's socio-economic empowerment

	Very much %	Much %	Not Applicable %	Total
Welfare	82.2	17.8	-	100.0
Participation	57.8	20.0	22.2	100.0
Control over	88.9	6.7	4.4	100.0
Access to	77.8	13.3	8.9	100.0
Consciousness	11.1	82.2	6.7	100.0

Source: Researcher's fieldwork, 5th January – 26th February, 2016

With regard to welfare, the credit intervention was able to make beneficiaries have access to basic material resources such as income, health care and children's education. Longwe (1994) defines welfare as the level of women's materials welfare in relative to men. Table 4.18, presents the rating of beneficiaries on the level of welfare and 82.2 percent of the respondents indicated that their access to material resources was very much and 17.8 percent of the respondents said their access was much. This



was affirmed by the fact that during the interview, the respondents said that they had access to income generated from their economic activities and could use it the way they liked on their children's education, health or other things.

Equality of participation means involving women in making the decision by which their community would be affected, in a proportion, which matches their proportion in the larger community (Longwe, 1994). With regard to participation, findings revealed that credit intervention brought about women's involvement in the decision process in the household. They were also encouraged to take leadership role within the groups that they had formed. This was confirmed by the bank officials that leadership-training programmes were organized for the beneficiaries that helped them feel confident in running their groups. The figures in the table (Table 4.18) indicated, that 55.6 percent of the respondent affirmed that their level of participation in the decision-making process was very much and 20 percent indicated that their participation was much. However, 22.2 percent beneficiaries responded not applicable. This was what a beneficiary said during the interaction:

My husband now sees me as a stakeholder in the family's welfare. We discuss issues that confront us as family and ways of moving the business of the family forward (Beneficiary, WRB, 2nd February, 2016)

In case of beneficiaries' access to productive resources, the study found that micro-credit programme supported women to go into income generating activities. According to Longwe (1994), access to the factors of production on an equal basis with men such as land, credit, training, market and so on. Longwe (1994) refers access to as one of the important levels of women's empowerment in relation to men. The findings revealed that respondents' access to credit and land was unhindered as the rating indicated that majority (77.8 percent) of beneficiaries claimed that their access to factors of production was very much, and 13.3 percent of credit users said their access was much. However, only 8.9 percent of beneficiaries said not applicable.





Regarding to control over productive resources, beneficiaries on the credit programme said they were able to control their income generating activities and the benefits from them. This implies that beneficiaries were able to control over factors of production as they stated that they control their own productive resources including property. The respondents' opinions were rated and the evidence showed that 88.9 percent of respondents stated that their control over resources was very much and 6.7 percent responded that they had much control over productive resources. Nevertheless, only 4.4 percent said not applicable.

Consciousness derived from the bank credit activities was identified in the group formation where the beneficiaries through the group meeting were to be conscientised and understood gender role as cultural and that can be changed. Beneficiaries confirmed this by indicating that they did not only discussed financial issues at the meetings, but also issues affecting their personal lives such as rights, healthcare and so on. Raising the awareness of issues affecting women was part of the micro-credit activities of the bank as the bank officials confirmed this. They added that the group periodic meetings offered the beneficiaries platform where issues on rights, health and leadership role were also discussed. In assessing the level of beneficiaries' consciousness of women's issues, 82.2 percent of beneficiaries stated that they were much conscientised with women's issues and only 11.1 percent indicated that their conscious awareness of gender issues was very much. Respondents claimed that the credit programme had helped them to understand gender as culturally constructed role in society. Nevertheless, 6.7 percent of the respondents indicated not applicable to conscientisation issue.

In conclusion, the micro-credit activities had brought about an increase in women welfare, access and control of their own resources, participated in decisions making and conscientised them as the credit intervention had led them to the recognition of women's issues.

4.5 Facilitators and/or Challenges and Strategies for Mitigating

4.5.1 Facilitators

From the discussions with beneficiaries, it was clear that certain factors seemed to facilitate the success stories in their income generating activities. These factors were identified among other things as co-operation among themselves and within groups, credible financial and business management obtain from the periodic training, profitable investment ventures with foresight, efficient credit monitoring and beneficiaries ability to diversify their income sources seemed to be the major driving forces for the success stories of the beneficiaries. The idea of multiple and diversified investment portfolios serves as insurance for most beneficiaries that insulates their businesses against uncertainties. Table 4.19 below presents the percentage distribution of the beneficiaries in the areas that facilitated their activities.

Table 4.19: Facilitators influenced their income generating activities

	Frequency	Percent
Corporation within group	9	20.0
Efficient management	17	37.8
Training	6	13.3
Profitable investment	8	17.8
Monitoring	3	6.7
Diverse source of income	2	4.4

Source: Researcher's fieldwork, 5th January – 26th February, 2016

Efficient management of their businesses was identified by 37.8 percent of the respondents as main facilitator for the success of their businesses. They claimed they put management as their top priority of their business. With co-operation among themselves and within groups as the facilitator, 20 percent of the beneficiaries identified it to have facilitated the success of their businesses, and 17.8 percent of the



respondents identified profitable investment as the factor that had facilitated the success of their business. Only 6.7 percent and 4.4 percent of the respondents respectively had indicated monitoring and diverse sources that had played major role in the success of their businesses.

Factors such as co-operation among themselves and within groups, credible financial and business management obtain from the periodic training, profitable investment ventures with foresight; efficient credit monitoring and beneficiaries ability to diversify their income sources seemed to be the major driving forces for the success stories of the beneficiaries.

4.5.2 Challenges

Despite the success beneficiaries claimed to have chalked in their income generating activities, this was not achieved without challenges. Using the credit for income generating activities, the women were likely to encounter challenges and the study explored the challenges beneficiaries might have faced at the household, bank, in their livelihood activities and at the group as well as the community levels. Table 4.20 below shows percentage distribution of respondents indicating the challenges they had identified.

Table 4.20: Challenges respondents faced in carrying out their activities

	Frequency	Percent
Household emergency & domestic workload	12	26.7
Delay disbursement of loans	5	11.1
High interest rate	6	13.3
Limited market size	5	11.1
Poor management	8	17.8
Misunderstandings within group	4	8.9
Group liability	2	4.4
Poor road network	3	6.7

Source: Researcher's fieldwork; 5th January – 26th February 2016



At the household level, beneficiaries (26.7 percent) mentioned challenges they encountered such as household emergencies like sickness, death, and at times theft that might have occurred and part of the money from the loans would be used to take care of them. As a beneficiary remarked:

It would be inhumane when things like sickness, death, and at times theft occur, the use of loan for such emergencies become eminent. It is difficult but unavoidable since money cannot be kept while human life is at stake (Beneficiary, WRB, 8th January, 2016)

Also a peculiar circumstance of women such as the domestic workload was mentioned as a challenge affecting their ability to use the credit efficiently. For instance, a divorced woman complained bitterly that the burden of taking care of her children and household chores alone without the support of her husband was greater challenge to the success of utilization of her loan as part of her loans always diverted to attend to pressing issues of her children. On the contrary, a respondent admitted that her husband support had enhanced her ability to make savings for the future.

With regard to challenges with the bank, only 11.1 percent of the beneficiaries raised their concern with bank. They mentioned delay disbursement of loans which normally affected their activities in a negative way. This was a voice of a beneficiary lamenting:

At times you need the loans to carry out business but the bank is not willing to provide the money because the money was not ready or other group members have not yet paid their loans. You might have missed an opportunity to make some profit which might never come again. Doing business is like gambling and one has to make use of any opportunity that comes your way (Beneficiary, WRB, 15th January, 2016).



Also 13 percent of the beneficiaries complained of high interest rate charged on the loans given to them and that had created obstacles for their income generating activities as much of the income generated were used to serve the interest.

With regard to beneficiaries' livelihood activities, 11.1 percent of the beneficiaries said that they had encountered challenge of demand for their goods. They complained of a problem of limited market size. Thus low demand for their goods was highlighted as some of the frustrations of beneficiaries. Thus a beneficiary remarked this:

Sometimes you would go to the market and no one would even ask you what you are selling. At times you walk through the village hawking, just hoping that someone would call you and ask of what you are selling so that you could use that opportunity to relax but it never happens (Beneficiary, WRB, 10th, February, 2016).

Invariably low income in the country limits the effective demand for goods and services and hence the growth of small-scale and microenterprises. Where People lack the capacity to buy, the market would shrink. Nonetheless, as demand for goods and services fall, the zeal and motivation to produce more also declines. It was also observed that the inability of beneficiaries to study and understand the economic situation of the immediate environment might be retarding the efforts of viable business in the research area.

Another challenge that beneficiaries mentioned was the poor management of their business and 17.8 percent of respondents complained of their inability to manage their businesses well. As it has been argued that a success of any business entity depends on how well such an establishment is managed. Poor management appeared to be a greater challenge to successes of beneficiaries businesses as it limits effective development of their businesses. Managerial inefficiency appears to prevail in most



microenterprises because most people running these businesses lack basic education. From the earlier analysis of the demographic characteristics of the respondents it was realized that most beneficiaries (about 80 percent) had low level of education and they admitted that they found it difficult to keep simple financial records. This was what a beneficiary said during interaction:

We beneficiaries in rural areas could not keep proper and accurate records of our businesses because we lack adequate knowledge in record keeping. The inability of us to prepare simple financial statements makes it difficult to evaluate the actual performance of our businesses over time (Beneficiary, WRB, 4th February, 2016).

At the group level, only 8.9 percent of the respondents said that sometimes misunderstandings would crop up in the group which the group would use their limited time in solving them. The bank officials also confirmed this during the interview that petty quarrel sometimes occurred in the groups and it would take their interventions for the issues to be resolved. They said when the situation became worse, it could lead to mistrust among members in the group and this would affect the purpose for group forming. Also 4.4 percent of the respondents expressed their reservations about the joint liability of the group. When asked about what they thought about the issue of joint liability, the credit users bitterly asked why they should be made accountable for loans taken by others.



However, it was discovered that Wenchi Rural Bank micro-credit operates on the principle that no further loans are disbursed till all members in the credit group have finished paying their loans. Nonetheless, in situations where some group members did not pay their loans early, it denied others the opportunity to obtain additional loans to expand their businesses.

At the community level, only 6.7 percent of the beneficiaries complained of poor roads network that hindered the smooth running of their businesses. At one of the focus group discussions in a village

called Asubingya, beneficiaries complained of poor road network in the area hampering their socio-economic activities. It can be stated that poor road network and bad nature of feeder roads in rural communities in Ghana affect the smooth development of micro-credit programmes since people finds it difficult to haul their products to the market centres. Though Brong Ahafo region had experienced some level improvement in the road network, many rural communities are still left unattended. In fact, the roads linking Asubingya community was really in a deplorable state. As beneficiaries in this farming community complained of the difficulties they passed through in transporting their farm produce to the market centres at Wenchi or Techiman, especially during most parts of the raining season. They claimed that the hindrance in transportation resulted in losses to their business activities. This was a voice captured during discussion with beneficiaries complaining of the poor nature of the roads:

The roads that lead to our villages are bad and most cars are not ready to ply the area. Those which did charged high fares but since there are no alternatives, we have to manage with it like that. At the end high fares increase business cost (Beneficiary, WRB, 10th January, 2016)

4. 5.3 Strategies for Mitigating Challenges

The researcher sought the opinions of the beneficiaries how these challenges discussed above could be mitigated. Table 4.21 shows the strategies suggested by respondents for mitigating the challenges.



Table 4.21: Strategies for mitigating challenges of respondents

	Frequency	Percent
Emergency loans	18	40.0
Timely disbursement and reduced interest rate	10	22.2
Fashion out ways to meet demand	3	6.7
Education and training	12	26.7
Resurfacing of road network	2	4.4

Source: Researcher's fieldwork; 5th January – 26th February, 2016

At the household level, 40 percent of the beneficiaries proposed for emergency loans by the bank to assist beneficiaries who faced the challenge of household emergency situations. Such loans could help beneficiaries recover from such events more quickly and continue with their businesses and to pay their loans and still stay in the programme. It might also discourage the use of what it termed as negative coping mechanisms such as a beneficiary selling out her productive assets during emergency situations.

With the beneficiaries complained of delay in disbursement of loans because of other members did not pay their loans in time or money was ready, 22.2 percent of beneficiaries stated that the bank should adopt mechanism to separate those default members and treat them separately. Also the bank should make timely disbursement of loans to beneficiaries for them to meet business opportunities. They also proposed for reduction of the interest rate which had become an obstacle to the smooth running of their businesses

To make local businesses thrive, the needs and wants of the potential market should be analyzed carefully to fashion out strategies to meet their demands and 6.7 percent of the respondents suggested for fashioning out ways to meet local demand through analysis the local needs. This might involve



bringing up innovative ideas with products that can satisfy customers' requirement and the ability to understand and anticipate their wishes and desires. Products that potential buyers need should be the focus of business entities and not wants.

Education and training in this regard seems to be vital for the success of every business and as well as access to capital and also to mitigate the challenge of poor management. In this regard, 26.7 percent of beneficiaries proposed education and training as strategy for reducing the problem poor management. This could equally influence the design and implementation of their business activities such as market development and personal management. In lieu of this, organizing training programmes before and after disbursement of loans should be part of the modus operandi of the bank. The credit officers affirmed that series of financial and business management trainings were regularly organized to update beneficiaries on current development on best practices in marketing, branding and advertising of products locally to boost their income generating activities. However, it was observed that the quality of training, knowledge and information sharing were found to be poor as some beneficiary could not appreciate certain simple business practice.

With regard to beneficiaries complain of poor road network, only 4.4 percent of the respondents suggested for constant resurfacing of the roads that link their communities to the market centres



CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.0 Introduction

This thesis examined the Wenchi Rural Bank's micro-credit scheme as a strategy for empowering women socially and economically from the perspective of the beneficiaries. It was set out to contribute to the debate on the efficacy of the bank's micro-credit as a strategy for empowering the poor in the Ghanaian context, and also contribute to the existing knowledge of micro-credit activities. The study was to determine how rural bank's micro-credit activities affect the socio-economic empowerment of women. The last chapter of this thesis report presents the summary of key research findings, conclusion and recommendations emerging from the study. The next discussion focuses on the main and significant findings of the research.

5.1 SUMMARY OF THE FINDINGS

This section presents the significant findings of the various questions raised in section 1.3 in Chapter One. The research questions formulated in section 1.3 were individually addressed in the analysis. The significant and insightful findings are summarized under the sub research questions as:



The first sub question was: In what ways does the Wenchi bank's micro-credits scheme target women's socio-economic activities? The study found that the criteria used by the bank to identify client's worthiness for the loan facility were women's income generating activities and savings. It was also revealed that the bank placed more emphasis on the income generating activities and that the beneficiaries had to become customers of the bank by opening an account and making deposits over a period. Customers said they were appraised before the loans were given to them and this was confirmed

by the bank officials. It was also revealed that the types of financial products available to women clients were credit and savings facilities and all the bank official respondents interviewed affirmed that.

It was also found that beneficiaries received periodic business training as part of the micro-credit activities to educate and supervise them on the ventures they wanted to enter into. Evidence on the ground therefore showed the bank's micro-credit scheme actually targeted women who were involved in income-earning activities and assisted them to cultivate saving habit. As this was indicated by the bank officials in their responses that micro-credit had been instituted by the bank to target the vulnerable in the research area with some level of concentration on women.

The second sub question of the research was: How does the rural bank's micro-credit scheme contribute or not to women's socio-economic empowerment? Under this, the study examined the women's empowerment process in two folds; the economic and social empowerment. Under the economic empowerment, micro-credit schemes espouse the assumption that the lack of capital and training are the main barriers to the economic progress of the poor and limit the growth of potential micro enterprises. The findings revealed that the respondents expressed with satisfaction the improvement in their working capital as a result of joining the schemes. The increase in working capital had made it possible for them to choose who and where to buy goods from and this had reduced their over-dependence on single source. In all, the bank micro-credit scheme had significantly increased women's working capital and that affected the operation of their businesses positively.

With regard to beneficiaries' profit, the study discovered that beneficiaries' engagement in their income generating activities with the credit had been able to yield profit to them. Majority of respondents (71.1%) showed that they had experienced a marked improvement in their weekly profit margin or personal incomes in the activities they had contracted the loans for. This is an indicator of their economic independence and empowerment as they claimed they could use these incomes to do things





of their choice. The study also revealed that women's engagement in the micro-credit activities enabled them to make savings. They claimed that apart from the compulsory savings demanded by the bank, they also made personal savings against household emergencies. However, they said the savings were intermittently and depended on the season of the businesses.

Regarding social empowerment, the study discovered that women were consulted in decision-making in two dimensions; children education and major household purchases. It was also clear from the interaction with the respondents that they were much more concerned about their children's education and would like to do everything to educate their children. Respondents were aware of the important of education despite their low background of their education.

The study also found that women did not need permission before joining the micro-credit activities in the research area. Thus it was the beneficiaries own decision to engage in the bank's credit programme and that they did not require any consent of their partners when they wanted to access loans. This indicates that the beneficiaries could independently take decisions to affect their own lives.

On the issues of travelling out of the community, it was discovered that most women sought for permission when they wanted to travel out of their communities. They said that they did that because they wanted to maintain the cordial relationship with their spouse and to avoid unnecessary rumour in the community. Nevertheless, this situation seemed to be a limitation to their freedom of mobility and access to market.

Women's access to and control over resources, the research found that respondents were able to acquire various kinds of assets and owned them. They claimed that their engagement in the micro-credit scheme enabled them acquired some business and household assets. However, very little effort was made in acquisition of long-term property which was traditionally preserved for male. Only few women

claimed that they were able to acquire those long-term assets such as buildings and plots of land and lives stock. Respondents claimed that they had access to farmland owned by their husbands. They also affirmed that they did not find any difficulty in accessing micro-credit.

On the whole, respondents' participation in the credit schemes had contributed to the acquisition and control over property in their own names, which gives them some sense of pride and power.

Group formation had enabled members to share ideas and enhance solidarity amongst them. Members claimed they showed solidarity with members who were in difficulties either in the house or with the bank or in their communities. It was also revealed that the groups enjoyed a high degree of autonomy with regard to the running of activities of their groups. This implies that the credit groups were independent and possessed awareness of their rights and generally exercised them without fear or favour. It was also clear that the groups discussed financial as well gender issues that affected their lives. The study revealed that, the bank used the periodic meetings as a strategy for fostering group cohesion and that stimulates high repayment rates among others. In whole, the status and confidence level of the women beneficiaries in the study area appeared to have improved as a result of the micro-credit intervention.

The third sub question that was answered by the research was: What is the extent or level of socio-economic empowerment derives from the micro-credit scheme of the Wenchi rural bank and how it benefits women? To ascertain the extent or level of women's socio-economic empowerment derived as they used the credit in their income generating activities, the results show that Longwe's the five levels of empowerment were present. The findings revealed that the micro-credit activities were able to empower beneficiaries to have access to their basic needs which reflects the level of welfare. Regarding access to productive resources, the study found that women access to the bank credit was unhindered



and that they were able to carry out their income generating activities. They claimed that they had access to their own resources as well as resources of their husbands or male relatives.

The case of women's participation as a level of empowerment, the findings revealed that credit intervention brought about women's involvement in the decision making process in the household. They were also encouraged to take up leadership role within the groups that they had formed and this was confirmed by the bank officials that leadership-training programmes were organized for the beneficiaries which helped them feel confident in running their groups.

Regarding to control over productive resources, beneficiaries on the credit programme were able to control their income generating activities and the benefits from them. This implies that beneficiaries were able to have control over factors of production as they stated that they control their own productive resources including their own property.

The study also discovered that the beneficiaries through the group meetings were able to be conscientised and understood gender role as cultural and that could be changed. Beneficiaries confirmed this by indicating that they did not only discussed financial issues at the meetings, but also issues affecting their lives such as rights, healthcare and so on. Raising the awareness of issues affecting women was part of the micro-credit activities of the bank as confirmed by the bank officials.

They added that the group periodic meetings offered the beneficiaries platform where issues on rights, health and leadership role were also discussed.

The final sub question was: What are the facilitators and/or challenges and how might they be mitigated? The findings indicate that some facilitators assisted beneficiaries who were able to succeed in improving their socio-economic status as they utilized credit in their income generating activities. These include co-operation among themselves and within groups, credible financial and business



management obtain from the periodic training, profitable investment ventures with foresight, efficient credit monitoring and beneficiaries ability to diversify their income sources seem to be the driving forces for the success stories of the beneficiaries.

However, challenges were inevitable as they carried out these income generating activities. Beneficiaries mentioned household emergencies like sickness, death, and at times theft that had compelled them to divert part of their loans to take care of such situations. Also, delayed in disbursement of loans was found to be affecting their activities in a negative way. High bank interest rate and limited market size were also mentioned as obstacles to smooth running of their businesses. Last, but not the least, inefficient management was also highlighted as one of the frustrations of beneficiaries in their income generating activities. At the community level, poor road network in the research areas was hampering their socio-economic activities.

Finally misunderstanding normally cropped up at the group level and members had to use their limited time in solving it and at times could degenerate into suspicion and mistrust among members. The group liability is another obstacle members embattled with. When a member in the group was not able to pay her loan instalment, it affected all in the group. Respondents complained that a member failure to pay her loan in time, affects the next disbursement of the loans.

5.2 CONCLUSION

From the analysis of data, it had revealed that rural bank's micro-credit has had positive impact on respondents' socio-economic empowerment. It had improved beneficiaries' working capital enabling them to purchase more business items and goods to improve their businesses as well as expanded their options of where and whom to buy goods from. This finding supports Kabeer's (1999) stance that



empowerment is a process that gives power to the disempowered and increases their ability to make strategic choices.

It was also revealed that micro-credit programme was able to inculcate the saving culture in the women supporting the aim of setting up the rural banks in the country. Thus rural banks are to mobilize idle resources through savings in the rural areas for investment. Micro-credit has been found to have the potential of changing the lives of the poor for the better by enhancing their income generating activities. In general, respondents' participation in the credit schemes had partly contributed to the acquisition and access to as well as control over property of their own which gives them some sense of pride and power. Beneficiaries' engagement in credit activities had also encouraged them to participate in decision making. However, beneficiaries were not without challenges in their income generating activities, and they highlighted those challenges as household emergencies like sickness, death, and at times theft that part of the money from loans would be used to take care; women's domestic workload; delay disbursement of loans; high interest rate charged; the poor management of their business and others. These challenges affected their businesses and reduced their ability to achieve full attainment of socio-economic empowerment.

5.3 RECOMMENDATION



The following recommendations have emerged from the research findings to make the research complete. For the micro-credit to lead the path towards empowerment, better access to loans and repayment schedules could be achieved through consultation with the women themselves to solicit their views for the way forwards. This consultation could be effective through well-trained and self-motivated grass root workers who would assist the poor women in their savings mobilization, access to

and use of financial services and closely monitor repayment of loans to ensure financial sustainability of the schemes and wider coverage of beneficiaries.

In order to sustain the programme impact on clients, there is the need for rural banks to establish a solid link between micro-credit products and formal personal loan facility such that beneficiaries can graduate successfully into the mainstream banking or individual credit for continues access to financial services for their businesses.

For those beneficiaries who expressed dissatisfaction of the amount of the loans given to them, it would be prudent for the bank to reconsider those who need bigger loans to assess the viability of their businesses, past records, commitment and goodwill to establish their capacity to repay. Thus, loans might be increased for such beneficiaries if their strength to repay bigger loans is established.

Another area that appears to be very important to the beneficiaries with low level of education and less experience with formal business organizations is intensive training in small enterprise, entrepreneurship and management. The trainings offered in business and financial management to them appears critical and should be strengthened and sustained. The training should also be extended to tackle traditional norms which might perpetuate poverty like spending income on buying of cooking utensils and expensive clothes for funerals at the expense of their children education and health care or reinvesting these profits to expand their businesses. Also, there might be the need to institute a periodic review mechanism into the content of the training model to ensure that contemporary issues in business are factored into the training.

Finally, the prompt repayment of loans should also be reconsidered. Enough grace period is important to enable beneficiaries to prepare for loan repayment. This arrangement, would allow more time to raise



enough income to handle repayment and family obligations without much adverse effect on their income generating activities.

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APPENDICES

APPENDIX A

INTERVIEW GUIDE WOMEN BENEFICIARIES OF CREDIT SCHEME

A. The Background and Personal Data of Women Beneficiaries of Credit Scheme

1. Age: 18-25[☐] 26-33[☐] 34-41 [☐] 42-49 [☐] 50-57 [☐] 58-65 [☐] 66 and above [☐]
2. Level of education: Primary [☐], J.H.S [☐] S.H.S [☐] Tertiary [☐] Technical and vocation, and other specify.....
3. Marital status: Single [☐] Married [☐] Divorced [☐] Widowed [☐]
4. Religion: Islam [☐] Traditional [☐] Christianity [☐] Others.....
5. Number of children or dependents 1-2 [☐] 3-4 [☐] 4-5 [☐] 6+ [☐]
6. Are you a customer of the bank? Yes [☐] No [☐]
7. How long did you operate with the bank before contracting loans? a. less than six (6) months [☐] b. 6 months [☐] c. More than six (6) months [☐]
8. How often do you have to make deposits before qualifying for loan? a. daily b. Once a week [☐] c. Every two week [☐] d. One month e. More than one month [☐]
9. Have you been appraised before giving the loans? Yes [☐] No [☐]

The Interview Guide for Women Beneficiaries of the Credit Scheme

Micro-credit Scheme Targeting Women's Socio-economic Activities

1. What types of credit schemes does the bank offer you as a woman for your socio-economic activities?
2. Which of these microcredit schemes have you been able to access and why?
3. What did you have to do in order to access those micro-credit schemes?
4. Does the bank usually give preference to income generating activities?



B. Contribution of Micro-credit to Women's Socio-economic Empowerment:

Women's Economic Empowerment

Working Capital

5. How did the credit contribute to your working capital? Explain
6. Did you have an increased in you working capital after joining the bank credit scheme? If yes, indicate how much: a. GH¢1-100 [] b. GH¢101-200 [] c. GH¢201-300 [] d. GH¢301-400 [] e. GH¢401-500 f. GH¢600 and above []
7. If it has increased, how did it affect your operations your business?
8. If it has decreased, how did it affect the operations of your business?
9. Do you think the credit scheme has helped you improve your business?

Income (Profit)

10. How has the credit affected your income/profit? Explain
11. Have you experienced an increase in income (profit) in your Economic activities? Indicate how much:: a. GH¢1-50 [] b. GH¢51-100 [] c. GH¢101-200 [] d. GH¢201-300 [] e. above GH¢301 []
12. What accounted for the increased/decreased in income? Explain
13. What did you use the income generated from your business for? (Probe: acquisition of valuable property, household assets etc)
14. Have you experienced an improvement in your household economic wellbeing? If yes indicate, how it has been improved?
15. What ways were you able to invest your loans in more profitable fields and what activities does the bank need to offer you for these?



Savings

16. How has the credit affected your savings? Explain

17. Did you make savings of the income generated? If yes (probe: by how much, daily, weekly or monthly savings?) Indicate how much saved: a GH¢1-50[] b. GH¢51-100[] c. GH¢101-200[] d. above GH¢201 []

18. Did you make these saving for emergency or investment? Explain

19. Did you have any saving with any financial institution before joining the credit scheme? (Probe: is the savings done after joining the scheme?)

20. Is saving compulsory to you because you joined the scheme or personal decision? Explain

Women's Social Empowerment:

Participation in Household Decision making

21. Has your current situation affected your participation in household decision-making? How

22. Are you consulted in the decision making? Explain

23. If yes, in what type of decisions are consulted? Explain

24. Are you able to take some decisions on your own? Which ones and why?

25. Do you still seek permissions on some issues? Which ones and why?

Access and Control of Resources

26. Do you have resources on your own? What resources

27. If yes, how are you managing the resources?

28. What about other resources in your household? How are they managed?

29. How does the management of those other resources affect you?

30. Did you need permission from your husband or any other person in order to obtain credit (Probe: How was the credit spent and by whom? Relate your experience)



31. Did you have access and control of productive assets? (Probe: what factors prevent your access and control of these assets, and how the bank credit influences these factors?)

32. To what extent has access to financial services influenced your relationship with your husband and male members of the community? Relate your experiences

Self-Esteem within Group Formation

33. Do you belong to a group for the credit purpose? If yes, how was the group formed?

34. What kind of activities do you collectively do with your group members? (Probe: How did you build unity and for what purposes?)

35. Discuss how you make solidarity when a group member is oppressed by the bank management, or her husband or any other person in the community.

36. Are you able to express yourself in the group or public?

37. Are you aspiring for any Leadership position?

38. Do you feel marginalized in your society?

39. How do you feel, being a member of the group? Explain

C. Level of Socio-economic Empowerment Derived from the Micro-credit Schemes

40. Discuss how microcredit is helping to improve your living economic condition?

41. Discuss how you are able to sustain or not able to sustain the improved living condition?

42. What is your status in the household after using loans for income generating activities?

43. Discuss the level of empowerment gain from socio-economic activities. Which one in the guide schedule best describes your level of empowerment?



Guide schedule for women beneficiaries' level of empowerment;

level of empowerment	Very much	Much	Not Applicable
Welfare			
Participation			
Control over			
Access to			
Consciousness			

D. Challenges and How They Might be Mitigated

44. What challenges do you face in using the credit in the income generating activities at?

- a. Household
- b. Bank
- c. Livelihood activities
- d. Community
- e. Group

45. What can be done to reduce or remove the challenges at?

- a. Household
- b. Bank
- c. Livelihood activity
- d. Community
- e. Group

Guidelines for Focus Group Discussion with women credit beneficiaries

Contribution of Micro-credit to Women's Socio-economic Empowerment:

Women's Economic Empowerment

1. Discuss the kind of economic activities women perform.
2. Discuss ways in which women benefit economically from the credit.



3. Discuss the effects of the credit on women.
4. Discuss the challenges?
5. Provide suggestions for improving women's economic benefit.

Women's Social Empowerment

6. Discuss how beneficiary women are empowered socially
7. Discuss the social benefits derived by women from the credit.
8. Discuss the social benefits of the credits to women
9. Discuss women's social challenges regarding the credit
9. Discuss causes of the social challenges
10. Provide suggesting for improving women's social benefits

Level of Socio-economic Empowerment Derives from the Micro-credit Schemes

11. Discuss women's status in their household before and after using loans for income generating activities.
12. Discuss the level empowerment gain from women's social and economic activities



APPENDIX B

QUESTIONNAIRES FOR THE WENCHI RURAL BANK OFFICERS

A. Personal Data of the Bank Officers

1. Age: 18-25[] 26-33[] 34-41 [] 42-49 [] 50-57 [] 58-65 [] 66 and above []
2. Level of education: Primary [], J.H.S[], S.H.S [] Tertiary [] other specify.....
4. Religion: Islam [] Traditional [] Christianity [] Others.....
5. Sex: i. Male [] ii. Female []

B. Micro-credits Schemes Targeting Women's Socio-economic Activities

6. Which of the financial product(s) is/are available to women clients?
 - a. Credit []
 - b. Savings []
 - c. Insurance []
 - d. Credit cards []
 - e. Payment service []
7. Do you appraise the customers before granting them loans? a. Yes [] b. No []
8. What category of customers do you appraise before giving the loans? i. men [] ii. Women [] ii. All of them []
9. How long does a customer operate with the bank before contracting loans?
 - i. less than six (6) months []
 - ii. More than six (6) months []
10. What do you use as qualification for loans? a. deposit [] b. women's income generating activities []
 - c. collateral security []
 - d. others (specify)

.....
11. Do you have special treatment targeting women in your banking system? a. yes [] b. no []. If yes, why?
12. Do you usually give preference to a type of income generating activities? Yes [] No []



13. Why does the bank credit scheme targets women's income generating activities?

.....

C. Micro-credit Schemes Contribution to Women's Socio-economic Empowerment

Women's Social Empowerment

14. Does the bank support group formation? Yes ☐ no ☐

15. What importance does the banks places on the group formation? a. for loan disbursement ☐ b. for re-payment ☐ c. others (specify)

16. Does the bank offer training programme for women beneficiaries? Yes ☐ no ☐. If yes what kind of training offer?

17. What benefit do think the women derived from training? Explain

Women's Economic Empowerment

18. What investment directive did you give to the women credit beneficiaries?

.....

20. Did you make saving compulsory for your women credit beneficiaries when joined the scheme or personal decision? Yes ☐ no ☐

21. Did you make saving as emergency or investment for your the women clients? Yes ☐ no ☐

D. Challenges

22. What are the problems you have been facing in working with women? Mention them

1..... 2.

3.4.



23. What challenges do you face in granting loans to your clients?

Challenges	Tick the one(s) which is/are appropriate
Repayment default	
Bank interest rate	
Diversion of loans from intended purpose	
Lack of collateral by clients	

24. What social and economic factors which create barriers to women access to credit?

1..... 2.....
3.....4.....

25. What other women's needs are addressed by the bank credit scheme?

Explain.....
.....
.....
.....
.....

26. What can be done mitigate the challenges that the women face?

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

27. How do you suggest can be done to reduce or eliminate the challenges?



.....

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