ISSN 2413-0591

MICROFINANCE, WOMEN EMPOWERMENT AND IMPROVEMENT IN HOUSEHOLD WELFARE: EVIDENCE FROM GHANA

Ruth K. A. Alatinga
Finance Office, Faculty of Mathematical Sciences
University for Development Studies, Navrongo Campus
GHANA
&
Kennedy A. Alatinga
Department of Community Development
Faculty of Planning and Land Management
University for Development Studies, Wa Campus
GHANA

ABSTRACT

This paper examines microfinance and its effects on women empowerment and household welfare in the Kassena-Nankana Municipality in Northern Ghana using the comparative method. Based on simple random sampling, the study employed a survey design to collect information from 80 households with access to microfinance and 40 households without access to microfinancein order to compare the similarities and differences between these two groups. The research findings strongly suggest that access to microfinance positively impacts on household welfare especially with respect to education and health. The findings also suggest that access to microfinance increased women's participation in intra-household decision-making very significantly (75%) as well as increased women's participation in social networks very significantly at the community level (81%).

Keywords: microfinance, women empowerment, household welfare, Kassena-Nankana, Ghana.

INTRODUCTION

Globally, the poorest and poverty have dominated discourses on the public policy agenda. According to the literature, microfinance has been recognised as a potential tool for poverty reduction(Morduch and Haley, 2002). Microfinance in this context refers to the practice of delivering small and collateral-free loans to unsalariedborrowers or members of cooperatives who otherwise cannot get access to formal credit(Stewart, Van Rooyen, Dickson, Majoro, and de Wet, 2010). Theoretically, it has been argued that the provision of microfinance to the poor—who haveconstrained access to formal bank credit—is central to development in terms of providing theneeded capital for investment which in turn leads to an improvement in household income andwelfare(Yunus, 2004).Similarly, Sapovadia (2007) argues that microfinance is sustainable and can be implemented on a massive scale to respond to the urgent needs of the world's poorest people. The theoretical literature further suggests that access to financial services increases and diversifies incomes, builds assets and improves the lives of the poor (Kotir and Obeng-Odoom, 2009).

These authors argue that access to credit empowers the poor by enabling them to invest in a wide range of assets: better nutrition, improved health, access to education, and a better roof on their homes.Nevertheless, the empirical literature on the impact of microfinance on women's empowerment and improvement in household welfare especially in Africa is mixed and relatively sparse. Empirical research by some scholars suggest that microfinance has a positive impact on women's empowerment and improvement in household welfare (Okurut, Kagiso, Ama, and Okurut, 2014; World Bank, 2002; Yunus, 2004). According to Yunus (2004), the provision of microfinance loans is intended to increase household income, which may in turn, lead to greater household economic security, and thus lead to positive changes in the morbidity and mortality of household members, in educational and skill levels and in future economic and social opportunities. Other scholars, however, are dismissive of the positive impact of microfinance on women's empowement and improvement in household welfare(Coleman, 1999; Goetz and Gupta, 1996; Kabeer, 2005; Morduch and Roodman, 2009; Okurut, Kagiso, Ama, and Okurut, 2014). These authors argue that in some cases borrowers of microcredit are stuck in a vicious cycle of debt and poverty.For example, Okurut et al., (2014) argue that microfinance has no positive impact on household welfare because of the high interest rates charged by microfinance institutions, the small loan amounts and the short repayment periods. In this respect, a study in Ghana found that loans made to clients of the Naara Rural Bank ranged between GHS 20 to GHS 1000 (US$5-256)—the average loan amount was found to be GHS 235 (US$60) at an interst rate of 28% with a repayment period of 12 months(Brobbey and Agegipare, 2010, pp. 40–43).

According to the authors, 75% of beneficiaries of the Naara Rural Bank credit scheme interviewed indicated that the loan amount was inadequate whereas 58% beneficiaries reported that the interest rate charged was very high. Similarly, empirical studies on microcredit in Bangladesh, suggest that after 30 years of the microfinance movement there is little solid evidence that it improves the lives of clients in measurable ways (Morduch and Roodman, 2009).The foregoing exposition suggests that the empirical evidence on theimpact of microfinance on women's empowerment and improvement in household welfare is at best mixed, generally.In Ghana, most studies appear to examine the impact of microfinance on the development of small and medium enterprises (SMEs) without moving a step further to examine its impact on women's empowerment and improvement in household welfare (Abor and Quartey, 2010; Abor and Biekpe, 2006; Afrane, 2002). Examining the impact of microfinance on women's empowerment and improvement in household welfare is crucial because the Ghana Statistical Service (2014, pp.19)indicates that poverty incidence among male headed households is higher (25.9%) than female headed households (19.1%). These findings appear logical because women play a key role in contributing to the upkeep of their families with their incomes—women are better managers of household resources and provide their families with education and healthcare services.Kotir and Obeng-Odoom(2009)examined the contribution of microfinance to household welfare and concluded that microfinance has a modest impact on household welfare.

And yet studies such asKotir and Obeng-Odoom's did not examine the gender empowerment aspect of microfinace. In fact, the scholarship on the impact of microfinance on women's empowerment and improvement in household welfare in Ghana is relatively sparse. There is still a dearth of systematic evidence on the impact of microfinance on women's empowermentand improvement in household welfare. Empirical evidence that links access to microfinance services, women empowerment and improvement in household welfare is quite limited. Against this backdrop, the purpose of this article is to contribute to the on-going debate by drawing on empirical data from the Kassena-Nankana Municipality in Northern Ghana to examine the impact of microfinance on women's empowerment and improvement in household welfare. This article is organised as follows: Section 1 introduces the work, while section 2 presents the conceptual framework and relevant literature. Section 3 outlines the research setting and methodology and section 4 is devoted to the research findings. Section 5 discusses the research findings, while section 6 concludes the paper.

ISSN 2413-0591

Access to Microfinance, Women Empowerment and Household Welfare: Conceptual Framework and Related Literature

The concept of empowerment may mean different things to different people in different contexts. It may range from personal empowerment that can exist within the existing social order. This kind of empowerment would correspond to the right to make one's own choices, increased autonomy, to controland use ofeconomic resources (Swain, 2007). Similarly, empowerment signifies increased participation in decision-making and it is this process through which people feel themselves to be capable of making decisions and the right to do so (Kabeer, 2001). According to the World Bank(2001), empowerment entails the process of increasing the capacity of individuals or groups to make choices, and to transform those choices into desired actions and outcomes. Central to this process are actions that build both individual and collective assets, and improve the efficiency and fairness of the organizational and institutional context which govern the use of these assets. The World Bank's conception of empowerment is akin to Kabeer's (2001) and very relevant for this study.

Household welfare entails increases in consumption and expenditure, access to education, water and health, improved nutrition and the acquisition of assets by virtue of the fact that households or individuals have access to microfinance. Within thisframework, microfinance, and the impact it produces, goes beyond just business loans. In addition to business investment, microfinance in the form of financial services empower the poor to invest in health and education, to manage household emergencies, and to meet the wide variety of other cash needs that they encounter(Littlefield, Morduck, and Hashemi, 2003). These authors further suggest that access to financial services enables poor people to increase their household incomes, build assets, and reduce their vulnerability to the crises that are so much a part of their daily lives. Access to financial services also translates into better nutrition and improved health outcomes, such as higher immunization rates; allows poor people to plan for their future and send more of their children to school. For instance, increased expenditures on food may suggest improved nutritional status and well-being of household members.Similarly, entrepreneurs of low-income households also use loans for household needs, such as school fees, medical treatment, daily consumption needs, and social and holiday expenses amongst others(Beck and Demirgüç-Kunt, 2008).

Hashemi and Morshed (1997) assert that the participation of households in the Grameen Bank microfinance programme in Bangladesh led to improvements in their welfare and enhanced the capacity of the households to sustain their gains over a long period of time. In another study in Burma, Johanna (2013) reported that access to microfinance positively affected women's empowerment. Similarly, Kamal (1996, cited in Okurut, Kagiso, Ama, and Okurut, 2014) argue that microfinance positively impacts on the welfare of borrowers due to the fact that borrowers had a higher per capita income than non-borrowers.Okurut, Kagiso, Ama, and Okurut(2014) further argue that access to microfinance impacts positively and significantly on household welfare and gender empowerment in Botswana.Microfinance helps the poor smooth out their consumption during the lean periods of the year, suggesting that access to microfinance leads to improvements in household welfare (Binswanger and Khandker, 1995; Khandker, 1998). Khandker (1998) suggests that targeted credit improves the nutritional status of children, especially for girls and impacts positively on schooling, especially for boys.Even so, based on a quasi-experiment in Thailand, Coleman (1999) points out that access to microfinance does not necessarily have any significant impact on household welfare—measured by education and health. According to Coleman,women beneficiaries of microfinancewere trapped in a vicious cycle and had to borrow money at high interest rates from moneylenders to repay their village bank loans. Similarly, Goetz and Gupta (1996) argue that the empowerment contribution of microfinance to women is lost due to the fact that women are responsible for the loans but the ultimate control and use of the loans are determined by their husbands. Yet women are responsible for the repayment of the loans, and often compelled to repay these loans from their personal savings. For this reason, Goetz and Gupta (1996) concluded that access to microfinance had a negative effect on genderempowerment because the women exercised very little voice in household decision-making. Kabeer (2005) cautions that access to microfinance does not automatically empower women—but the socio-cultural configurations of society play a very crucial role in this perspective.

RESEARCH SETTING AND METHODOLOGY

This study was conducted in the Kassena-Nankana Municipality in Northern Ghana between February and July 2013. The study employed a quantitative survey to elicit information germane to the study. Essentially, the study applied the comparative method of analysis (Collier, 1993). According to Collier (1993, pp. 105), "comparison is a fundamental tool of analysis". Comparison sharpens our power of description, and plays a central role in concept-formation by bringing into focus similarities and differences among the phenomena of study. The author further points out that the comparative method is suitable for the systematic analysis of a relatively small number of cases— the sample size in this study as presented below is relatively small. For these reasons, the comparative method was appropraitely applied to this study in order to compare the effects of access to microfinance on empowerment and household welfare for households that had access to microfinance and those that had not.

Against this backdrop, a list of about 300households submitted by the National Board for Small Scale Industries (NBSSI[1]) to the Naara Rural Bank[2]for microfinance was obtained from the bank in the Kassena-Nankana Municipality in 2013. Of the 300households submitted,about 200 households received credit from the Bank while 100 households did not. The 200households which accessed credit and the 100 householdsthat did not receivecredit constituted the sampling frame, from which respondents were drawn for the study. Consequently, simple random sampling was used to select 80 households out of the total of 200 households that accessed creditand 40 households out of the total of 100 households that had not accessed credit—bringing the total sample size to 120 households. This choice of sample size was informed by the fact that decisions about sample size represent a compromise between the constraints of time and cost and the need for precision (Bryman, 2008).

Data Collection and Analysis

A structured questionnaire was used to elicit information from respondents relating to access to microfinance and empowerment and improvement in household welfare. The questionnaire

[1]NBSSI is the main state institution mandated to identify, define and support the development of small-scale industries in Ghana.

[2] The Naara Rural Bank is the main sources of credit/microfinance to dwellers in the Kasena Nankana Municipality.

ISSN 2413-0591

was piloted to detect and correct deficiencies before the actual data collection began. The pilot-test helped minimize response bias in the data collection process. Response bias describes the situation where responses do not reflect the 'true' opinions or behaviours because questions are misunderstood by respondents. It also afforded the researchers the opportunity to revise and make adjustments in the questionnaire so as to improve its reliability and validity.A comparative analysis was done by comparing households with access to microfinance and those without access to microfinance.The aim of doing a comparative analysis was to seek explanations for similarities and differences between the two groups.Improvement in household welfare was measured using household consumption and expenditure, private property (assets) acquired, health and educational status. On the other hand, women empowerment was measured using women's participation in intra-household decision-making, and participation in social networks at the community level.The data generated from the surveyswas entered into Epidata 3.1 and analysed using Microsoft STATA 12.0.

Descriptive statistics in the form of simple cross tabulations, bar charts, and hypothesis testing wereused. With respect to the hypothesis testing, the Wilcoxon rank sum/Mann-Whithey U-test was used to compare improvement in household consumption and expenditure between households with access to microfinance and those without access. The Mann-Whitney/Wilcoxon rank sum test is appropriate for the test because the variables of interest (improvement in household consumption and expenditure) are ranked in order of magnitude for both households with access to microfinance and those without access to microfinance. The level of significance is 0.05 but this is divided into two equal parts since this is a two-tail test (0.05/2=0.025). Thus, 0.025 is the required level of significance. The P-value must be in the range of (0.000-0.025) in order to be considered significant. The Mann-Whitney U-test has three formulae but for this study, one of the formulae is used: the one for larger samples. This formula is chosen because the samples involved are greater than 20; 80 households with access to microfinance and 40 households without access to microfinance (n_1, n2>20). Therefore, the Mann-Whitney U-test is given by the following formula:

$$U_1 = R_1 - n_1 \frac{(n_1+1)}{2} \qquad (1)$$

Where:
n_1= sample size for sample 1, R_1=sum of the ranks in sample 1

$$U_2 = R_2 - n_2 \frac{(n_2+1)}{2} \qquad (2)$$

Where:
n_2= sample size for sample 2, R_2= sum of ranks in sample 2

the sum of the equations (1) + (2) is now computed as follows:

$$U_{1+} U_2 = R_1 - n_1 \frac{(n_1+1)}{2} + R_2 - n_2 \frac{(n_2+1)}{2} \qquad (3)$$

(Alatinga and Fielmua, 2011)

RESEARCH RESULTS
Socio-Demographic Characteristics of Respondents

This study found that majority of the respondents were females—81% of respondents who had accessed microfinance were females and about 53% of respondents without access to microfinance were also females as illustrated in Table 1.

Table 1: Gender of Respondents

Gender of Respondents	Access to Microfinance		No Access to Microfinance	
	Number	Percentage (%)	Number	Percentage (%)
Male	15	18.75	19	47.50
Female	65	81.25	21	52.50
Total	**80**	**100**	**40**	**100**

Source: Authors' Field Survey, 2013.

A cross-tabulation of the gender of respondents against their occupation showed that more than half (51%) of the females were engaged in trading whereas 42% of the males were engaged in artisan work as shown in figure 1.

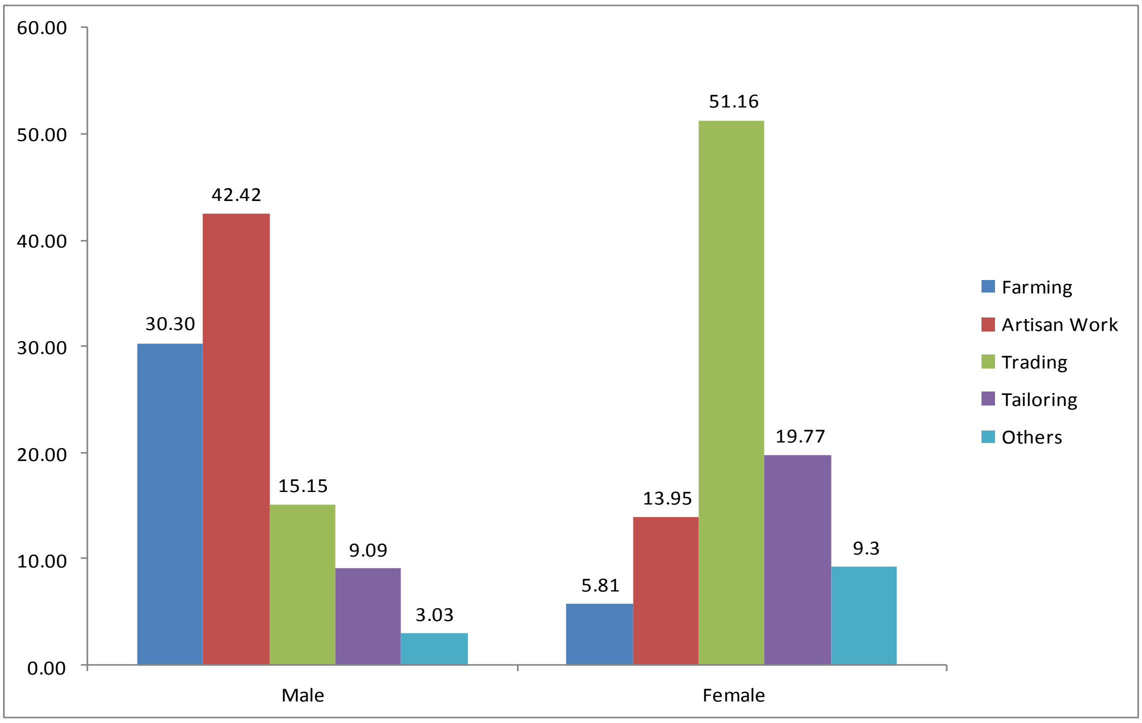

Figure 1: Occupation by Gender
Source: Authors' Field Survey, 2013.

Household Consumption and Expenditure

In order to measure improvement in household consumption and expenditure, respondents were asked the following question: To what extent has your household consumption and expenditure improved in relation to your microfinance status? The detailed responses to this question are presented in figure 2.

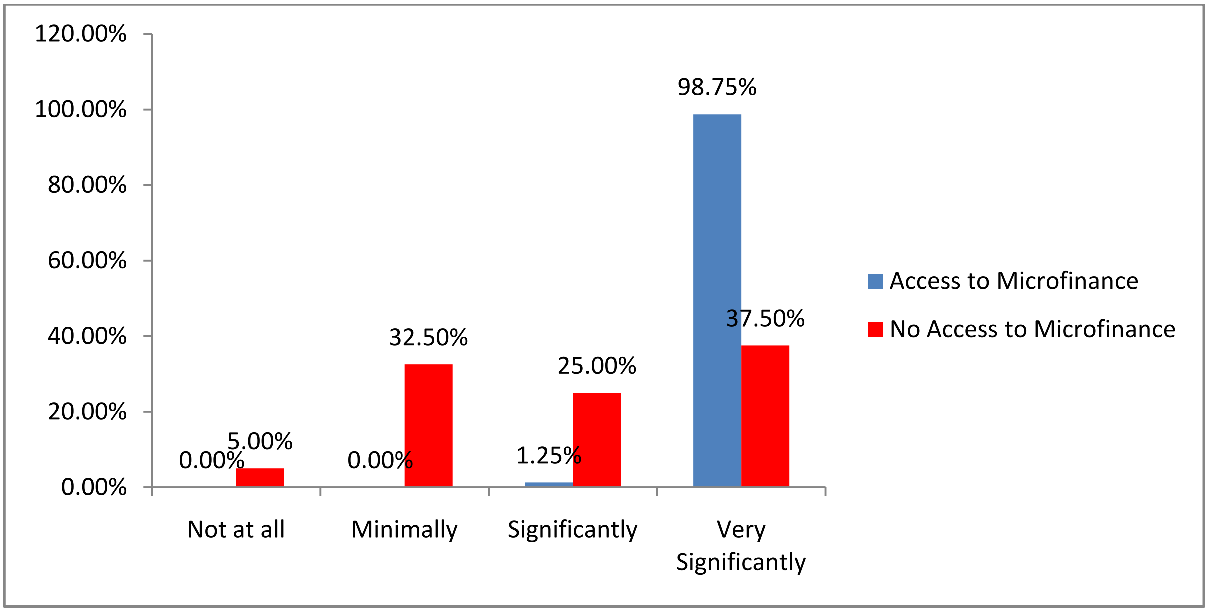

Figure 2: A Bar Graph Showing the Extent of Improvement in Household Consumption and Expenditure and Microfinance Status
Source: Author's Field Survey, 2013.

As depicted in Figure 2 above, about 99% of the sampled respondents who accessed microfinance reported that their household consumption and expenditure had improved very significantly as compared to only 38% of those who did not access microfinance. Again, in order to determine how statistically significant the results from the raw data are, the following hypotheses were tested using the Wilcoxon rank sum/Mann-WhitneyU-test:

$H_{0:}$ there is no difference in improvement in household consumption and expenditure between households who access microfinance and those who do not.

$H_{1:}$Householdswith access to microfinance are more likely to improve upon their household consumption and expenditure than those who do not access to microfinance.

The results of the Wilcoxon rank sum/Mann-Whithey U-test are presented in Table 2.

Table 2:Results ofthe Wilcoxon rank sum/Mann-Whithey test of the Extent of Improvement in Household Consumption and Expenditure and Microfinance Status

Microfinance status	Obs	Rank sum	Expected
Yes	80	5827.5	4840
No	40	1432.5	2420
Combined	120	7260	7260

Unadjusted variance 32266.67
Adjustment for ties -1174.23

Adjusted variance 16692.44

Ho: q21ext~h (q8doyo~c= = Yes) – q21ext~h (q8doyo~c= =No)
Z= 7.643
Prob |Z| = 0.0000

The results in Table 2 show a P-value of (0.000). Because this P-value is less than 0.025 (0.000<0.025), the null hypothesis (H_0) that assumed there is no difference in improvement in household consumption and expenditure between households who accessed microfinance and those who do not is rejected in favour of the alternative or research hypothesis (H_1). In other words, the results suggest that there is, statistically, a significant difference in improvement in household consumption and expenditure between households with access to microfinance and those without access to microfinance.

Private Property/ Assets Acquired

With regards to private property/assets acquired, respondents were asked the following question: What private property has the household been able to acquire in relation to its microfinance status? The following assets were specifically asked for: Motor cycle (s), Vehicle (s) Land and House.

Table 3: Private Property/Assets and Microfinance Status

	Access to Microfinance						No Access to Microfinance					
Private Property(Assets) Acquired	**No. Yes**	**No. No**	**Total**	**(%) Yes**	**(%) No**	**Total**	**No. Yes**	**No. No**	**Total**	**(%) Yes**	**(%) No**	**Total**
Motor Cycle (s)	70	10	**80**	87.50	12.50	**100**	32	8	**40**	80.00	20.00	**100**
Vehicle (s)	25	54	**79**	32.00	68.00	**100**	5	35	**40**	12.50	87.50	**100**
Land	61	18	**79**	77.22	22.78	**100**	12	28	**40**	30.00	70.00	**100**
House	67	12	**79**	84.81	15.19	**100**	10	27	**37**	27.03	72.97	**100**

Source: Authors' Field Survey, 2013.

From the table above, about 88% of respondents who accessed microfinance have been able to acquire motorcyclesfor their household use whereas 80% of respondents who did not access microfinance have been able to acquire motorcycles for the use of their households. About 32% of respondents with access to microfinance have been able to acquire vehicles while 12.50% of respondents without access to microfinance have acquired vehicles for the use of their households respectively. Importantly, about 77% of the respondents with access to microfinance have acquired land whereas only 30% of those without access to microfinance have been able to acquire land for the use of the family. Similarly, about 85% of the respondents with access to microfinance have been able to build houses and only 27% of those without access to microfinance have been able to build houses for their families. Taking these assets collectively therefore, households that access microfinance appear to be able accumulate assets over time as compared to those without access to microfinance.

Improvement in Household Health Status

Access to portable water, improvement in nutrition and ability to pay hospital bills were the variables used to measure improvement in the health status of household against their microfinance status. Specifically, the following question was asked: In what ways has the health status of the household improved over the period of business operation? The responses of the two groups of respondents are presented in Table 3.

Table 4: Improvement in health status of households and their Microfinance Status

Improvement in Household Health Status	Access to Microfinance						No Access to Microfinance					
	No. Yes	No. No	Total	(%) Yes	(%) No	Total	No. Yes	No. No	Total	(%) Yes	(%) No	Total
Access to Portable Water	80	0	**80**	100	0.00	**100**	38	2	**40**	95.00	5.00	**100**
Improvement in Nutrition	80	0	**80**	100	0.00	**100**	36	4	**40**	90.00	10.00	**100**
Ability to Pay Hospital Bills	80	0	**80**	100	0.00	**100**	35	5	**40**	87.50	12.50	**100**

Source: Author's Field Survey, 2013.

From Table 3 above, all the sampled respondents who accessed microfinance indicated that their health status had improved 100% on all the three indicators—access to portabe water, improvement in nutrition, and the ability to pay medical bills.

Improvement in Household Educational Status

Improvement in household welfare was also measured using improvement in the educational status of household with respect to their microfinance status. The ability to pay school fees, buy school uniform for wards, and the ability to pay for the transportation of wards to school were used to measure improvement in the educational status of households. To elicit the appropriate responses, the following question was asked: In what ways has the educational status of the household improved over the period of business operation? Table 4 summaries the responses from the two groups of respondents.

Table 5: Improvement in Educational Status of Households and Microfinance Status

Improvement in Household Educational Status	Access to Microfinance No. Yes	No. No	Total	(%) Yes	(%) No	Total	No Access to Microfinance No. Yes	No. No	Total	(%) Yes	(%) No	Total
Ability to pay School Fees	80	0	**80**	100	0.00	**100**	35	5	**40**	87.50	12.50	**100**
Ability to buy Books	80	0	**80**	100	0.00	**100**	35	5	**40**	87.50	12.50	**100**
Ability to buy School Uniforms	80	0	**80**	100	0.00	**100**	34	6	**40**	85.00	15.00	**100**
Ability to pay for the transportation of Wards to School	72	8	**80**	90.00	10.00	**100**	22	18	**40**	55.00	45.00	**100**

Source: Author's Field Survey, 2013.

The results above show that in terms of ability to pay school fees, buy books and school uniforms, respondents who accessed microfinance reported that the educational levels of their households had improved by 100%. On the other hand, the respondents who did not access microfinance reported that the educational levels of their households had improved by 88% and 85% respectively. Again, whereas 90% of the respondents with access to microfinance reported that they are able to pay for the transportation of their wards to school only 55% of those without access to microfinance are able to pay for the transportation of their wards to school.

Women's Participation in Intra-Household Decision-Making

In order to measure the extent of women's participation in intra-household decision-making,respondents were asked the following questions: to what extent has access to microfinance increased women's participation in intra-household decision-making?Figure 3 illustrates the relevant information on this issue.

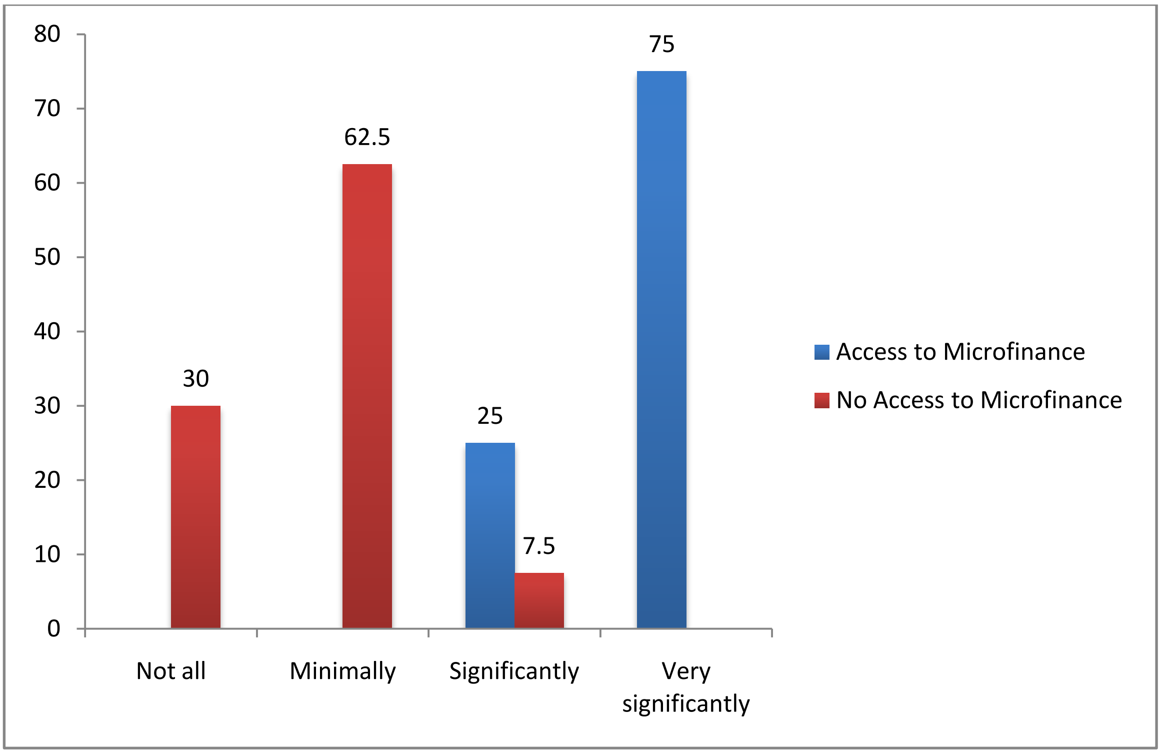

Figure 3: A Bar Graph Showing Microfinance Status and the Extent of Women's Participation in intra-household Decision-making. Source: Authors' Field Survey, (2013)

As figure 3 shows, access to microfinance significantly increased women's participation in household decision-making. Seventy-five percent of the respondents indicated that access to microfinance increased women's participation in intra-household decision-making very significantly while 25% of respondents indicated that access to microfinance increased women's participation significantly. On the contrary, only about 7.5% of women in households without access to microfinance are able to participate in intra-household decision-making significantly. The remaining (62.5%) minimally participate and (30%) do not at all participate in decision-making at the household level.

Women's Participation in Social Networks at the Community Level

Similarly, women's participation in social networks at the community level was measured by asking respondents the following question: to what extent has access to microfinance increased women's participation in social networks at the community? Figure 4 illustrates this information.

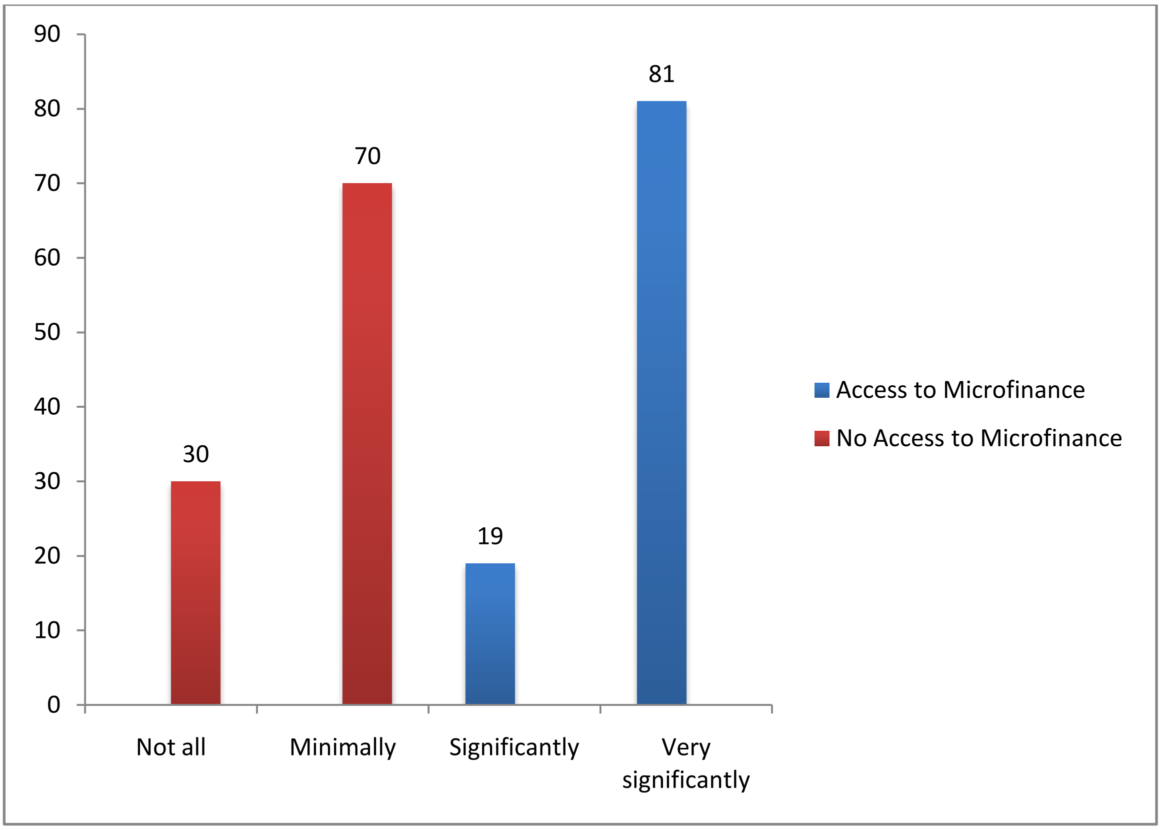

Figure 4: A Bar Graph Showing Microfinance Status and the Extent of Women's Participation in Social Networks at the Community Level . Source: Authors' Field Survey, (2013)

As illustrated in figure 4,access to microfinance significantly increased women's participation in social network at the community level. In fact, 81% of respondents reported that access to microfinance increased women's participation social networks at the community level very significantly while 19% of respondents indicated that access to microfinance increased women's participartion in social network significantly at the community level. On the other hand, the findings further showed that 30% of women in households without access to microfinance do not all participate in social networks at the community level whereas 70% of women in households without access to microfinance minimally participate in social networks at the community level.

DISCUSSION

This paper examined microfinance and its effects on women empowerment and household welfare in the Kassena-Nankana Municipality in Ghana using the comparative method.As Table 1 and Figure 1 illustrate, 81% of the microfinance beneficiaries are female, and more than half (51%) use these funds to engage in trading activities. These trading activities have the potential to increase the incomes of beneficiary households. Indeed, nearly 99% of households who accessed microfinance reported that their consumption and expenditure had improved very significantly whereas only 38% of those who did not access microfinance reported improvement in their consumption and expenditure. This finding is also statistically significant following the Wilcoxon rank sum/Mann-Whithey U-test (P-value of 0.000). This finding suggests that there is, statistically, a significant difference in improvement in household consumption and expenditure between households with access to microfinance and those without access to microfinance. In other words, households with access to microfinance are indeed, more likely to improve upon their household consumption and expenditure than those who do not access microfinance. This finding is expected and largely consistent with the extant literature. For example, Littlefield, Morduck, and Hashemi (2003) argue that incomes from microfinance enabled recipients to increase expenditures on food which may suggest improved nutritional status and well-being of household members.The point here is that women form the majority of microfinance beneficiaries, and are therefore, more likely to contribute larger portions of their incomes to household consumption and expenditure than their male counterparts.In addition, the findings from this study further suggested that access to microfinance is associated with the aquisition of private property. For example, whereas, 32% of respondents with access to microfinance have been able to acquire vehicles only 12.50% of respondents without access to microfinance have been able to acquire vehicles for the use of their households.

Further, the results of this study indicated that access to microfinance improved household health and educational status. The findings suggest that households with access to microfinance are better placed to provide better diets and pay for the hospital bills of their household members. On the other hand, about 13% of those respondents without access to microfinance are not able to pay the hospital bills of their household members, 10% are unable to provide nutritionally balanced diets and 5% still do not have access to portable water.These findings also corroborate findings from earlier studies. For example, women who constitute the majority of microfinance beneficiaries, spend much of their income on household well-being, including daughter's education and their own health (Mayoux, 2000). Similarly, Littlefield Morduck, and Hashemi (2003) assert that apart from investment in their enterprises, microfinance in the form of financial services empower the poor to invest in health and education, to manage household emergencies, and to meet the wide variety of other cash needs that they encounter; and that access to financial services also translates into better nutrition and improved health outcomes, allows poor people to plan for their future and send more of their children to school.Perhaps, the most interesting findings from this study are that access to microfinance increased women's participation in intra-household decision-making very significantly (75%) and participation in social networks at the community level very significantly (81%).

These findings are perhaps logical because with increased cash in their hands, the women may be able to take control over decisions such as the variety, quality and quantity of meals prepared for the household. It is also plausible that with increased incomes, women are able to contribute money to join solidarity societies, 'Susu' groups or attend weddings and funerals which they might not have been able to do without finance.These findings are consistent with a relatively large body of literature documenting the impact of microfinance on women's empowerment. For example, Johanna (2013), the World Bank (2002), and Yunus (2004) argue that access to microfinance is associated with greater empowerment of women, and increased the participation of women in social and political activities. These arguments are against the backdrop of the potential for social networks to empower women and transform social relations (Rankin, 2002). However, Goetz and Gupta (1996) are skeptical of these views. The authors argue that the economic empowerment of women with access to microfinance is not a straightforward process because the empowerment process is a function of the gendered power relations within the household.These gendered power relations within the household the authors argue, mayaffect the distribution and use of cash resources, and may undermine women's capacity to retain control over the way a loan is invested—women receive the credit, but it is often their husbands who actually control its investment. For these reasons, the authors are of the view that instead of transforming and challenging existing gender division of labour and power, microfinance may rather entrench the status quo. But these skeptical views of Goetz and Gupta need to be interrogated within a given context and over time and space because society and the whole enterprise of microfiance themselves are dynamic. In fact, one important point that should be noted is that in recent times, beyond merely granting loans to women, financial institutions such as the rural banks and other financial institutions in Ghana have enhanced, strenghtened and introduced new complementary capacity building services to loan beneficiaries that include basic investment choices, household income management, book keeping, household power relations, gender advocacy, lobbying, and communication amongst others. And in most cases, these trainings also deliberately involve the men (or husbands) of beneficiary women with the aim of expanding the household's pie and changing historically entrenched discriminatory practices against women. The net effect of these trainings plus increased incomes invariably alters the household gender power relations with women increasingly having decision making powers over the access to and use of productive resources, hence the significance of the findings from this study.

CONCLUSION AND RECOMMENDATIONS

This paper sought to contribute to the on-going debateon the impact of microfinance on women empowerment and household welfare by drawing on empirical datafrom the Kassena-Nankana Municipality in Northern Ghana.The research findings strongly suggest that access to microfinance positively impacts on household welfare especially with respect to education and health due to increased incomeearned from investing loans in activities such as trading.Indeed, the findings also suggest that acess to microfinance increased women's participation in intra-household decision-making very significantly as well as increased women's participation in social networks very significantly at the community level. Future research in this area may profit from experimental designs and large datasets given the relatively small sample size of this study.

REFERENCES

Abor, J., & Biekpe, N. (2006). Small business financing initiatives in Ghana. *Problems and Perspectives in Management*, *4*(3), 69–77.

Abor, J., & Quartey, P. (2010). Issues in SME Development in Ghana and South Africa. Retrieved from http://ugspace.ug.edu.gh:8080/xmlui/handle/123456789/2003.

Afrane, S. (2002). Impact assessment of microfinance interventions in Ghana and South Africa: a synthesis of major impacts and lessons. *Journal of Microfinance*, *4*(1), 37–58.

Alatinga, K., & Fielmua, N. (2011). The impact of mutual health insurance scheme on access and quality of health care in Northern Ghana: the case of Kassena-Nankana East Scheme. *Journal of Sustainable Development*, *4*(5), p125. http://doi.org/10.5539/jsd.v4n5p125.

Beck, T., & Demirgüç-Kunt, A. (2008). Access to Finance: An Unfinished Agenda. *The World Bank Economic Review*, *22*(3), 383–396. http://doi.org/10.1093/wber/lhn021.

Binswanger, H. ., & Khandker, S. R. (1995). The impact of formal finance on the rural economy in India. *The Journal of Development Studies*, *32*(2), 234–262.

Brobbey, M. S., & Agegipare, A. . (2010). *Effects of microcredit on welfare of beneficiaries of Naara and Buco rural Banks, Upper East Region, Ghana* (Unpublished). University for Development Studies, Tamale-Ghana.

Bryman, A. (2008). *Social research methods* ((3rd Ed.)). Great Clarendon Street Oxford: Oxford University Press.

Coleman, B. E. (1999). The impact of group lending in Northeast Thailand. *Journal of Development Economics*, *60*(1), 105–141. http://doi.org/10.1016/S0304-3878(99)00038-3.

Collier, D. (1993). The comparative method. In *In Ada, W.F, ed. Political Science: the state of the discipline II*. Washington, D.C: American Political Science Association.

Ghana Statistical Service. (2014). *Poverty profile in Ghana (2005-2013)* (Ghana Living Standards Survey Round 6 (GLSS 6)). Accra-Ghana: Ghana Statistical Service. Retrieved from http://www.statsghana.gov.gh/docfiles/glss6/GLSS6_Poverty%20Profile%20in%20Ghana.pdf.

Goetz, A. M., & Gupta, R. S. (1996). Who takes the credit? Gender, power, and control over loan use in rural credit programs in Bangladesh. *World Development*, *24*(1), 45–63. http://doi.org/10.1016/0305-750X(95)00124-U.

Hashemi, S., & Morshed, L. (1997). Grameen Bank: a case study. In *Wood, G.D., & Sharif, I. (eds), Who needs credit? Poverty and finance in Bangladesh*. United Kingdom: Zed Books.

Johanna, R. (2013). Women's empowerment through microfinance : a case study on Burma. Retrieved from https://liveatlund.lu.se/intranets/LUSEM/NEK/mfs/MFS/229.pdf.

Kabeer, N. (2001). Conflicts over credit: Re-evaluating the empowerment potential of loans to women in rural Bangladesh. *World Development*, *29*(1), 63–84.

Kabeer, N. (2005). Is microfinance a 'magic bullet' for Women's empowerment? Analysis of findings from South Asia. *Economic and Political Weekly*, *40*(44/45), 4709–4718.

Khandker, S. R. (1998). *Fighting poverty with microcredit: experience in Bangladesh*. New York: Oxford University Press, Inc.

Kotir, J. H., & Obeng-Odoom, F. (2009). Microfinance and rural household Development :a Ghanaian perspective. *Journal of Developing Societies*, *25*(1), 85–105. http://doi.org/10.1177/0169796X0902500104.

Littlefield, E., Morduck, J., & Hashemi, S. (2003). *Is microfinance an eEffective strategy to reach the Millennium Development Goals?* (CGAP Focus Note Series No. 24). Washington, DC: World Bank.

Mayoux, L. (2000). *Micro-finance and the empowerment of women : a review of the key issues* (Working Paper). Geneva: International Labour Office. Retrieved from http://www.ilo.org/employment/Whatwedo/Publications/WCMS_117993/lang--en/index.htm.

Morduch, J., & Haley, B. (2002). *Analysis of the effects of microfinance on poverty reduction* (NYU Wagner Working Paper Series No. 1014). Canada: The Canadian International Development Agency. Retrieved from http://pdf.wri.org/ref/morduch_02_analysis_effects.pdf.

Morduch, J., & Roodman, D. (2009). *The impact of micro-credit on the poor in Bangladesh: revisiting the evidence* (No. Working paper no. 174). Washington, DC: Centre for Global Development.

Okurut, F. N., Kagiso, M., Ama, N. O., & Okurut, M. L. (2014). The impact of microfinance on household welfare in Botswana. *Botswana Journal of Economics*, *12*(1), 45–58.

Rankin, K. N. (2002). Social capital, microfinance, and the politics of development. *Feminist Economics*, *8*(1), 1–24. http://doi.org/10.1080/13545700210125167.

Sapovadia, V. K. (2007). *Micro Finance: The Pillars of a Tool to Socio-Economic Development* (SSRN Scholarly Paper No. ID 955062). Rochester, NY: Social Science Research Network. Retrieved from http://papers.ssrn.com/abstract=955062.

ISSN 2413-0591

Stewart, R., Van Rooyen, C., Dickson, K., Majoro, M., & de Wet, T. (2010). What is the impact of microfinance on poor people? A systematic review of evidence from Sub-Saharan Africa. Technical Report. EPPI-Centre, Social Science Research Unit, University of London.

Swain, R. B. (2007). Can microfinance empower women? Self-help groups in India. *ADA DIALOGUE, N°37*.

The World Bank. (2001). Engendering development: through gender equality in rights, resources, and Voice. The World Bank, 1818 H Street NW, Washington, D.C. 20433 USA. Retrieved from Available from: www.worldbank.org/gender/prr/engender summary.pdf.

World Bank. (2002). *Microfinance and the Millennium Development Goals* (No. CGAP Donor Brief No. 9). Washington, DC: World Bank.

Yunus, M. (2004). Grameen Bank, microcredit and the Millennium Development Goals. *Economic and Political Weekly, 39*(36), 4077–4080.