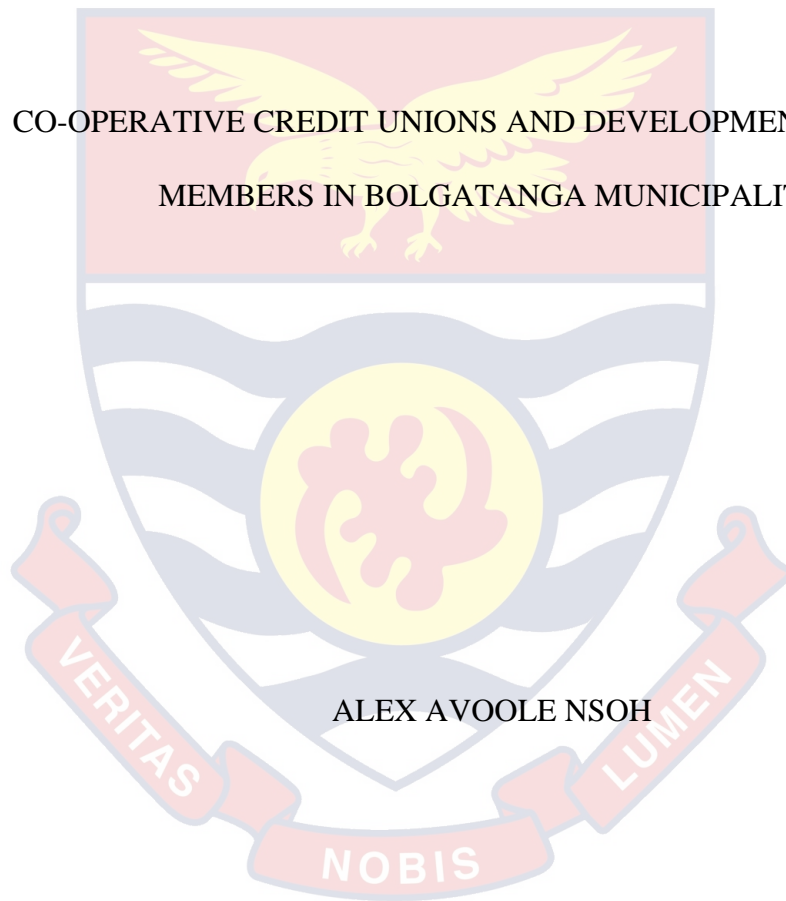


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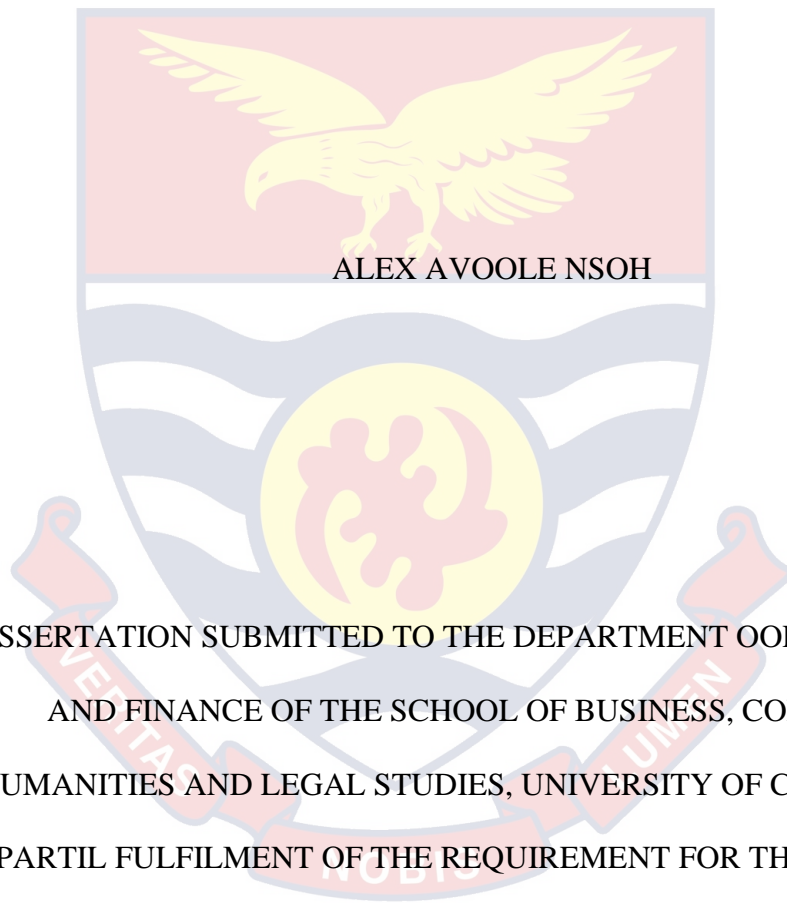
CO-OPERATIVE CREDIT UNIONS AND DEVELOPMENT OF THEIR
MEMBERS IN BOLGATANGA MUNICIPALITY



2016

UNIVERSITY OF CAPE COAST

CO-OPERATIVE CREDIT UNIONS AND DEVELOPMENT OF THEIR
MEMBERS IN BOLGATANGA MUNICIPALITY



DISSERTATION SUBMITTED TO THE DEPARTMENT OF ACCOUNTING
AND FINANCE OF THE SCHOOL OF BUSINESS, COLLEGE OF
HUMANITIES AND LEGAL STUDIES, UNIVERSITY OF CAPE COAST IN
PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF
MASTER OF BUSINESS ADMINISTRATION DEGREE IN GENERAL
MANAGEMENT

JULY 2016

DECLARATION

Candidate's Declaration

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

Candidate's Signature Date:

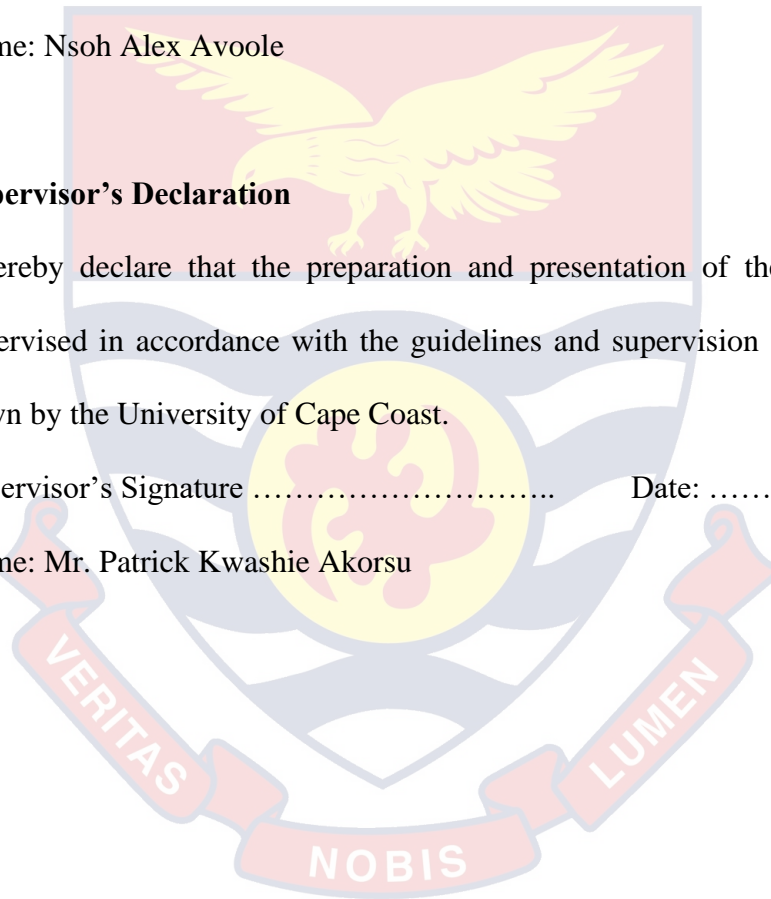
Name: Nsoh Alex Avoole

Supervisor's Declaration

I hereby declare that the preparation and presentation of the long essay was supervised in accordance with the guidelines and supervision of long essay laid down by the University of Cape Coast.

Supervisor's Signature Date:

Name: Mr. Patrick Kwashie Akorsu



ABSTRACT

This study examined the contributions of cooperative credit unions to their members in Bolgatanga Municipality of the Upper East Region. A sample of 150 credit union members and 20 management committee members were used for data collection. With the help of Statistical Package for Social Sciences Software, the results were analyzed using descriptive statistics. Results of the study indicated that credit union members have cultivated the habit of saving regularly which enhanced their savings culture. Also, through the credit unions, members are able to establish and expand businesses. This is as a result of easy access to credit and lower interest of loans from the credit unions. The results further revealed that credit unions have contributed greatly to the education of members and their relatives. It is recommended that, there should be capacity building for the management committees to enable them manage the affairs of the credit unions under their care. It is again recommended that there should be a strong collaboration between the government of Ghana and the credit unions to reduce poverty especially in the rural areas.

KEY WORDS

Credit

Co-operative credit union

Union

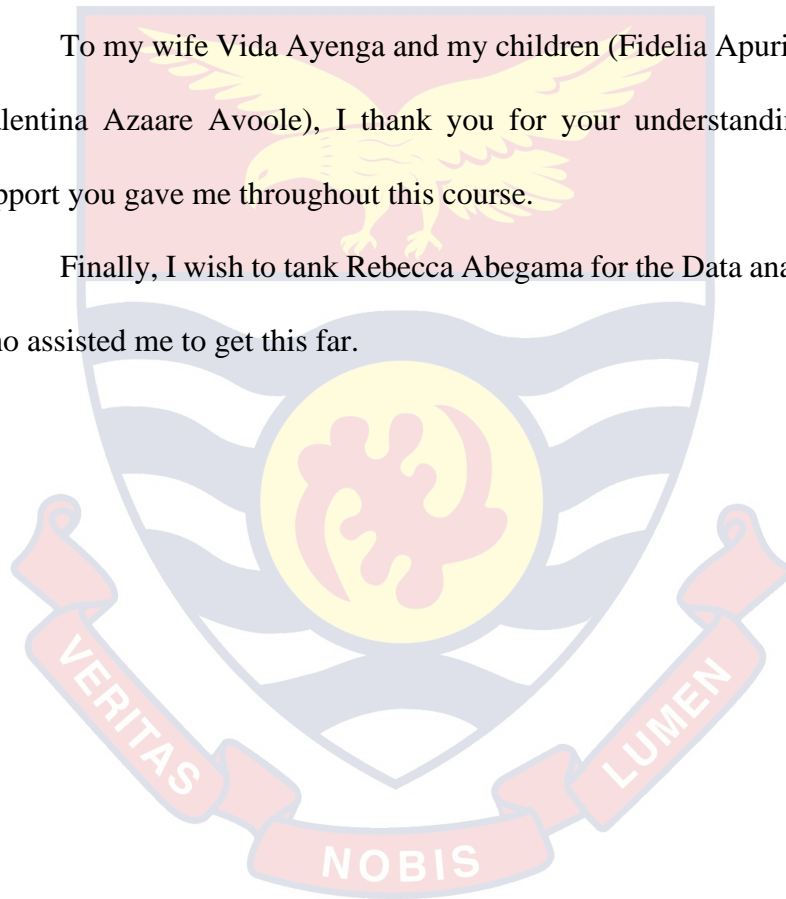


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To my wife Vida Ayenga and my children (Fidelia Apuripeeya Avoole and Valentina Azaare Avoole), I thank you for your understanding and the moral support you gave me throughout this course.

Finally, I wish to thank Rebecca Abegama for the Data analysis and all those who assisted me to get this far.



DEDICATION

To my wife and children

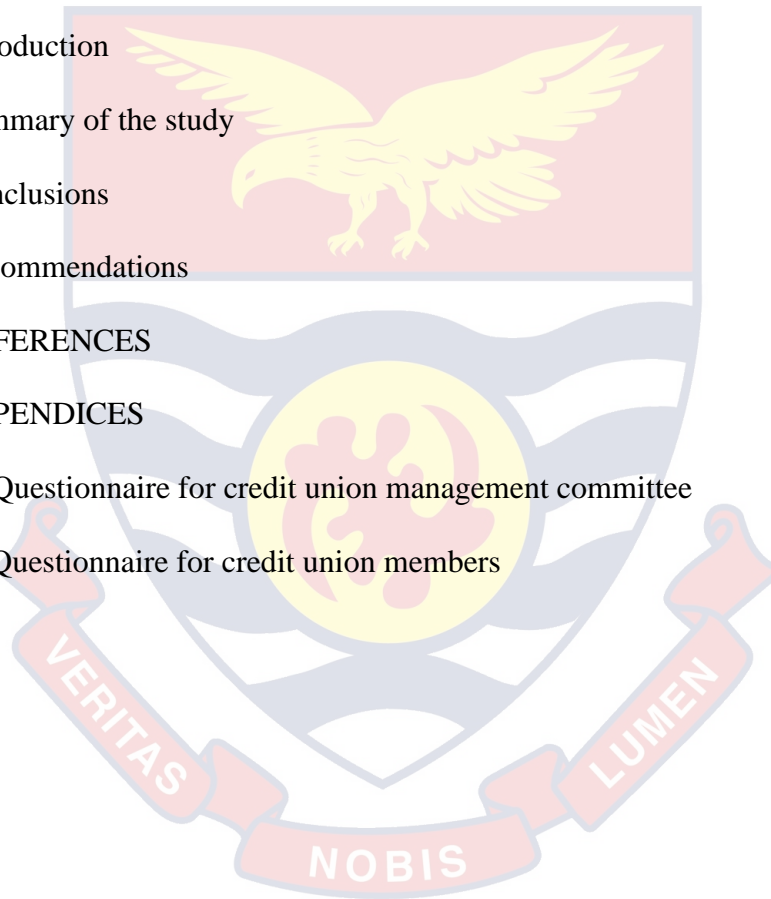


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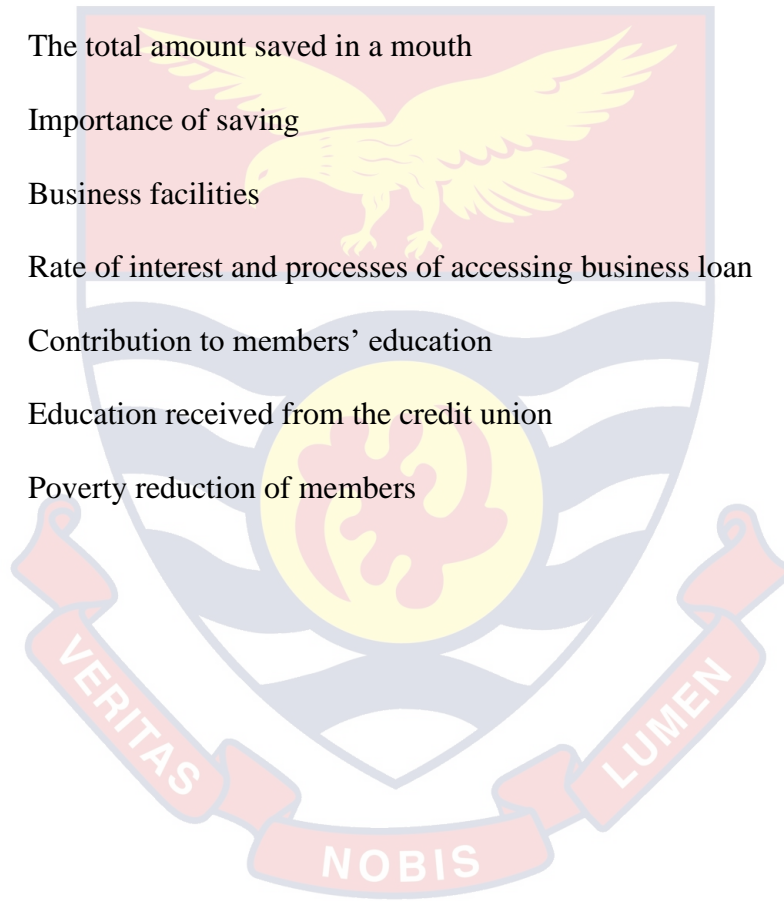
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LIST OF ABBREVIATIONS

| | |
|---------|---|
| ACCOSCA | Africa Confederation of Co-operative Savings and Credit Association |
| CUA | Credit Union Association of Ghana |
| CCF | Central Finance Facility |
| GNACUTA | Ghana National Union and Thrift Association |
| MFI | Microfinance Institution |
| MF | Micro Finance |
| NBFI | Non-Bank Financial Institution |
| SME | Small and Medium Enterprises |
| SPSS | Statistical Product for Service Solution |
| OECD | Organization of Economic Cooperation and Development |
| UNICEF | United Nations Children Fund |
| WOCCU | World Council of Credit Unions |
| YSA | Youth-owned Savings Account |



CHAPTER ONE

INTRODUCTION

Background to the study

Credit unions have come to occupy a prominent position in communities, work places and parishes in Ghana since its introduction in the 1950s. Credit unions are governed by co-operative principles, which contrast strongly with the profit-oriented business model of conventional financial institutions (Byrne, Power, McCarthy & Ward, 2010).

According to the World Council of Credit Unions (WOCCU) (2012), Ghana was the first country to operate a Credit Union in the entire African continent. Presently, there are over 34 countries operating a Credit Union in Africa.

The interest in Credit Unions stems from their role as Microfinance Institutions (MFIs). The MFIs financial sector consists of a diverse group of Non-Bank Financial Institutions (NBFIs) and agents that have adopted innovative approaches to credit retailing. This involves the use of specialized character-based methodologies to provide financial service to low-income households, micro enterprises, small farmers, and others who lack access to the formal banking system (Aryeetey, 1996).

In Ghana, quite an extensive study has been done on MFI's especially on their responses to the competitive market environment brought by the economic recovery program and the financial sector liberalization program introduced in 1985 by the Ghana Government. In general, these policies held the view that a strong and competitive financial sector could make significant contributions

towards increasing mobilization of domestic savings currently held in the form of non-financial assets. For instance, Aryeetey, Baah-Nuakoh, Duggleby, Hettige and Steel (1994) have examined the innovative strategies and structures the microfinance institutions have put into place in order to provide access to funds for onwards lending to the poor and the small and medium scale enterprises. Whilst those studies provide an invaluable source of information on the responses of the MFIs to the new economic environment, little attention has been paid to the special nature of Credit Unions as co-operative credit institutions and their impact on their member.

Co-operatives are organisations owned and managed by their members who are also themselves the patrons. In co-operatives, all members whatever the level of their skills or levels of contributions to the resources of the organisation have an equal right to participate in decision making. In co-operative theory, it is anticipated that members' participation would lead to their overall control over the affairs of their organisation. This would then ensure that they are able to set the goals and determine the direction of its operations in order that the prime objective of co-operatives, namely; the promotion of member's interest is realized. Hence, co-operative institutions have been described as self-managed and democratic organizations (Rosner, 1983). The nature of Credit Unions as a co-operative credit institution, therefore, sets them apart from other microfinance institutions, because of the following:

First and foremost, credit unions encourage thrift by helping members to save on regular basis thereby building a fund or pool of money for their own benefit

and that of their dependents. Credit unions believe that for an individual or group of people to develop holistically, there must be the need to inculcate the habit of regular savings. Credit unions further teach people to be more responsible and this brings to the fore, Prudential Financial management that self regulates their spending habit.

Secondly, it creates a source of credit for the benefit of members at a fair and reasonable rate of interest. When members of a credit union pull their financial resources together in the shortest possible time a chunk of savings is mobilized which enhances the administration of credit facilities to members at lowest and barest minimum rate of interest. This is because the funds are generated internally from the various member contributions and as a result makes it possible for a lower and competitive rate of interest to be charged on credit facilities.

Thirdly, most members do not judiciously use the credit facility they have obtained. Furthermore, they do not efficiently use the limited resources which they pool.

Finally, credit unions promote the welfare of the communities where they operate. That according to the Ghana Co-operative Credit Unions Association (CUA) Quarterly magazine (2010) enhances holistic development to all classes of people in a given community impacted on the lives of their members.

Statement of the Problem

Prior to formal banking systems in Ghana, many of the poor, mainly women in rural communities relied heavily on informal banking services and the semi-formal savings and loans schemes (Egyir, 2010). As such, credit unions are successfully working within these diverse market segments by offering small savers the opportunity to earn market rates of interest and by providing loans to borrowers of limited income at competitive costs (Richardson & Lennon, 1994).

There have been many misconceptions and opinions from individuals, small and medium business enterprises and corporate business entities that microfinance institutions have outlived their relevance in the twenty first century with the proliferation of larger commercial banks (Traditional Banks) that provide a wide range of financial services due to their sophisticated infrastructure, technology and innovations (Philip, 1993).

However, unlike the microfinance institutions, credit unions are still relevant in the twenty first century. Though large commercial banks provide wider and higher volumes of financial services to their clientele but such services are mainly confined to larger commercial, industrial and mining towns in Ghana. Thus, their services are not defused in the hinterland (Darko, 2009).

Again, in as much as traditional banks are perceived to provide needed financial services to individuals and small and medium scale enterprises (SME's), access to credit facilities remains a formidable constraint to most business in Ghana (Agyeman & Stanzaat, 1998). In addition to accessibility, where they are made available, its adequacies, high cost of borrowing and many more pose a great

challenge to many businesses in Ghana due to predominant agrarian nature of the economic activities that most people engage in (Agyeman & Stanzaat, 1998). Whiles admitting the contributions of these financial institutions, little is known on how credit unions enhanced the savings habits of its members and as well as their contribution towards poverty reduction. It is against this background that the researcher is investigating into the contributions of Credit Unions Association to members in Bolgatanga Municipality.

Purpose of the Study

The purpose of the study was to assess the contributions of credit unions association to their members in Bolgatanga Municipality.

Objectives of the Study

Specifically, the study sought to:

1. determine how the credit union has enhanced the savings habits of members.
2. find out how credit union has enhanced members' businesses.
3. ascertain the contribution of credit union to members' education.
4. examine how the credit union has contributed to poverty reduction of members.

Research Questions

1. How has the credit union enhanced the savings habits of members?
2. To what extent has the credit union enhanced businesses of members?
3. What contribution has the credit union made towards members' education?

4. How has the credit union helped in poverty reduction of members?

Significance of the Study

The research is going to enlighten the government and the public on the role that credit unions are playing in the country. It can also serve as a road map to both banking and non-banking financial institutions on strategies that can address the needs of members and customer businesses and other related services that are financial in nature. This is because the documented policies, procedures and standards can be replicated by new emerging financial institutions such as savings and loans companies, credit financing companies among others.

Again, it would pre-empt government, other state agencies and many development actors to identify the role and impact that credit co-operatives and Traditional Banks play in the area of credit advancement. This would pave the way for credit unions to be incorporated into the development agenda of the state by providing the needed budgetary allocation and other related resources and create a convenient atmosphere for the smooth running of Credit Unions within Ghana as a whole.

The suggested solutions to the challenges that member go through before accessing a credit facility can be implemented by any newly established credit unions or a traditional bank.

It may also help in teaching and learning and research to further address some of the internal weaknesses and other major administrative bottlenecks in the operations of credit unions in Ghana.

Delimitation of the Study

Even though, credit unions operate in many parts of Ghana, the duration of my program has restricted me to focus on only some selected credit unions in Bolgatanga Municipality., precisely at the regional capital of upper east.

Limitation of the Study

Financial constraint was the most limiting factor since the researcher had to travel several distances in the district and printing of materials for the research. Also, numbers of the respondents were illiterates and therefore questionnaires had to be interpreted to them which caused delays in the administration of the questionnaires. Another limitation was the difficulty in getting some of the answered questionnaires from respondents.

Organisation of Study

The research is organised into five chapters. The introductory part is chapter one. It deals with background information on the topic, the problem statement, research objectives, and significance of the study, research questions, limitations and delimitations. Chapter two is a review of the relevant literature of the study. Areas covered in this chapter include theoretical review on microfinance, co-operatives, credit unions, savings, members' businesses, members' education, and poverty reduction. Chapter three consists of the methodology, the instrument used for the study, population, sample, and sampling techniques. Chapter four presents the results of the study through an analysis of the data from the field survey and finally the summary, conclusions and the recommendations are presented in chapter five.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter critically review related literature on the topic under study. Concepts such as microfinance, co-operatives, credit unions, savings, business, education, poverty reduction were reviewed as well as empirical review on financial non-governmental organization.

Theoretical Review

Existing theoretical works on credit cooperatives emphasize three principles of cooperative organization that are of particular significance to their performance (Krahnert & Schmidt, 1995). They include the identity principle also known as the solidarity principle, the nominal capital principle or redeemability principle and the equality principle or democracy principle.

Identity Principle

This refers to the fact that the members of the cooperative are clients and owners. This self-contained structure is a prerequisite for the application of a simple, cheap and effective credit technology, namely peer monitoring. The high costs of screening and monitoring small borrowers operating in the informal sector, which make this market segment so unattractive for conventional banks, can be drastically reduced by this system of reciprocal or, so to speak, unneighbourly monitoring (Stiglitz, 1990). However, the advantage of low monitoring costs as a result of the peer monitoring system is offset by the disadvantage of the quantitative and qualitative limitation on the transformation potential of the credit cooperative

as a financial institution. Owing to its fixed circle of members, a cooperative has only limited capacity for transformation in terms of amounts, maturity and risk. In order for peer monitoring to work, the group must be homogeneous and restricted to a small, easily manageable number of members, yet at the same time precisely these factors are a constraint on the financial efficiency of the institution (Krahnert & Schmidt 1995). Furthermore, many credit cooperatives were originally set up as self-help groups based on the ideal of solidarity, and in most cases the desire to gain access to cheap credit without having to go through bureaucratic formalities was probably uppermost in the minds of the founders. An inherent structural weakness of these credit-motivated cooperatives is their limited power to generate savings because they (have to) pay lower interest rates on deposits than are obtainable on alternative forms of investment. This weakness should be seen as an indirect cost of the policy of providing low-interest credit.

Nominal Capital Principle

This (redeemable equity capital) means that the equity capital of the cooperative members is, in economic terms, really only a shareholder's loan as it can, in principle, be reclaimed at any time and then repayable at nominal value. In practice, the distinction between shareholdings and deposits is also frequently blurred. This situation obliges the credit cooperative to maintain a comparatively high volume of liquid reserves. Retained earnings, on the other hand, are not in danger of being redeemed or withdrawn. As a consequence, the formation of internal reserves (retained earnings) results in an irredeemable and non-voting item

of equity capital. It is therefore reasonable to assume that the management of credit cooperatives will be in favour of retaining a relatively large portion of its profits.

Equality Principle

This is known as "one man - one vote", which implies that voting rights at the general meeting are not proportionate to the volume of capital invested, undermines in principle the motivation, normally inherent in equity capital, to exercise control, and invites a "free rider" mentality. As the number of members, i.e., the size of the credit cooperative, increases, this negative incentive is magnified. This in effect eliminates the regulatory function of relatively large, active investors, typical of joint stock companies.

The ideal small cooperative has many of the characteristics of an institutionally formalized Rotating Saving and Credit Association (RoSCA). It is founded on peer monitoring; its financial performance is limited, and belonging to a regional or national network (as, for example, in a multi-tier cooperative system) brings no significant improvement to its level of efficiency. Sustained growth is only achieved under exceptional circumstances - if, for example, a company, through its payroll department, acts on behalf of members as a de facto trustee in overseeing the credit cooperative's operations.

A large credit cooperative, on the other hand, loses the self-stabilizing qualities of a RoSCA and tends to abandon the principles of self-help and reciprocity. It can then move towards becoming a centrally organized and, by having established the relevant auditing departments, regulated group of corporations (again in the form of a multi-tier cooperative system), which in many

respects has more in common with a conglomerate than a self-help group, except for the unusually large degree to which operational decision-making is delegated to the primary cooperative level. The members, although still owners, no longer play any significant role in determining "corporate policy" - this power has passed almost exclusively into the hands of the management. This also distinguishes the "cooperative group" from a joint stock company. Here the owners wield considerable power, at least in latent form, and shareholders may suddenly choose to exercise their decision-making rights, as, for example, in the case of a company takeover. In contrast, the one man one vote principle gives the management of the "cooperative group" a large degree of autonomy from the owners, i.e., the ordinary members, and management is therefore in a stronger position to pursue its own interests or what considers to be the interest of the "cooperative group" as opposed to the interest of its members.

Conceptual Review

Microcredit and Microfinance

Microcredit and microfinance are concepts that have gained prominence in financial institutions and general discussions on rural development. These concepts are being discussed in financial institutions, government cycles and among non-governmental organizations. Some scholars make distinction between microcredit and microfinance, while others used them interchangeably. Carbo, Gardener and Molyneux (2005) indicate that microcredit or microfinance refers to the provision of small loans (usually less than £5000).

Similarly, Steel and Andah (2004) observe that loans of this type are generally short term (4-6 months) with weekly repayments, averaging around \$50-\$75 but ranging up to several hundred dollars, with compulsory up-front savings of 20% that is retained as security against the loan, complementing group or individual guarantees as the other principal form of security. Additionally, in his study of microfinance in developing countries including Ghana, Meagher (2002) states that micro loans backed by group guarantees have a much higher ceiling than individual micro loans. Carbo et al (2005) definition suggests that the two concepts can be used interchangeably. However, Armendariz and Morduch (2010), note that while the words micro-credit and microfinance are often used interchangeably, they have different resonances and are loosely attached to contrasting beliefs about the state of rural finance and the nature of poverty. They further indicate that:

Microcredit was coined initially to refer to institutions like the Grameen Bank that were focusing on getting loans to the very poor. The focus was explicitly on poverty reduction and social change, and the key players were NGOs. The push to “Microfinance” came with recognition that households can benefit from access to financial services more broadly defined (at first the focus was mainly on savings) and not credit for microenterprises (P.14).

According to Carbo et al (2005), the range of services associated with microfinance has increased to include not only credit, but savings, insurance, payment services or even equity. Hassan (2002) notes “unlike government credit programmes and traditional banks credit programmes that emphasises large loans for long repayment periods, microfinance provides small loans that are repaid

within short period of time”. Ramachandran and Swaminathan, and Hassan highlight the key features of microcredit or microfinance. The most dominant features of microcredit or microfinance include the small size of loans, the granting of loans without collateral requirements and their target on relatively poor people. On their part, Kouassi-Komlan and Fouseca (2004) observe that microfinance also has, as a target group, populations with low economical earnings and support activities often ignored in the economic statistics of developing countries. They added that loans provided have a lower interest rate and fewer guarantees are needed, but reimbursements are expected in short term.

Hassan (2002) indicates that microfinance has been proven as effectively measure in poverty alleviation enabling those without access to traditional lending institutions to borrow. Moyo (2009) notes that today, micro-finance brings groups of people into the economy for the first time, by offering the poor a range of saving tools. Moyo argued that even small loans can boost business productivity gains and contribute to job creation and raise family living standards (better nutrition, better health and housing, more education). Mohammad Yunus work on structuring financing in Bangladesh revolutionised the thinking on how to lend to the poor people are employed in the agricultural sector, often buffeted by unpredictable events, and live-in villages which lack physical infrastructure (roads or power supplies), making the cost of establishing a formal banking network prohibitive.

Overview of Credit Unions Association

Credit Unions are not new or emerging non-banking financial institutions in the world and for that matter in Africa. Credit Unions have survived and existed for over one hundred and fifty-four years in Europe, America, and many other parts of the world. Credit Unions started in Germany in 1847 before the concept spread to other parts of the world. At the moment, there are over 90 countries that operate Credit Unions with a total membership of over (196,000,000) all over the world (WOCCU, 2012). Ghana was the first country to operate a Credit Union on the entire African continent (WOCCU, 2009).

In the 1920's, the Department of Co-operative realizing the need for popular Credit and savings facilities in Ghana, introduced Thrift and Loan Societies in the southern sector among government workers and some Cocoa farmers. They were poorly managed and soon became unpopular and therefore made little impact on the lives of the people. The organizers of the thrift and loan societies travelled the length and breadth of the country to inaugurate Thrift and Loan Societies. These ushered in a lot of such societies but were short lived because most of them were organised purely for political reasons.

In September, 1955, the first Credit Union in Africa was formed at Jirapa in the North West part of Ghana now Upper West Region by Rev. Father John McNulty, a Catholic Missionary, and an Irish Canadian. The idea came as a result of his Catchiest loosing (£6) notes which were destroyed by termites. He buried these notes in the ground in a cigarette tin for safe keeping. An attempt was made by Father McNulty to change the torn notes at the Bank of West Africa in Accra.

The only Bank in the North – West (now Upper West Region) was the Bank of West Africa. Banking services was alien to the people. The idea of forming a Credit Union came into the father's mind to save more pound notes from being destroyed by termites. The Father's initial objectives in establishing the Credit Union in Africa and for that matter Ghana were:

- i. To mobilize local savings for development,
- ii. To change the traditional methods of saving,
- iii. To help the people in the area and elsewhere to develop themselves economically and to be self-sustainable.
- iv. To instil the spirit of co-operation among the people. (CUA News Letter 1998)

Wa Catholic Diocese was created with the elevation of Bishop Derry as the first Bishop to be trained in Coady International Institute of Canada, Nova Scotia between 1958 and 1959. This exposed Bishop Derry to many aspects of Credit Union operations. After, the training in Coady, Bishop Derry encouraged the formation and promotion of Credit Unions in all parishes at various towns including Jirapa, Nandom, Kaleo, Ko, Daffiama, Wa, Lawra, Tumu among others. According to Zaato, (1964), a Canadian Credit Union technician by name, Mr. Gary Churhill, from the province of Saskatchewan, was hired by the Catholic Diocese of Wa for two years to assist in the promotion and training of book keepers and leaders for the established Credit Unions in the North – West. Mr. Churchil extended his services to some notable southern Credit Unions that were being organized. Among these were the Railway and Harbour Employees Credit Union at Sekondi Takoradi,

Akim Swedru community Credit Union in the Central Region, Our Lady of Fatima Credit Union at Sampa in the Brong Ahafo Region, among others.

By 1967, the total number of established Credit Unions were 18 with a total membership of 6,300 and \$400,000 as savings. In the year 1968, the idea of forming a national association was muted by some members of the then existing Credit Unions following a meeting sponsored by Credit Unions Association (CUA) an international body based in Lesotho that used to assist Credit Unions in Africa. A follow-up conference was held in Tamale that gave birth to the Ghana National Union and Thrift Association (GNACUTA) which became the fore-runner of the Ghana CUA Limited.

The Credit Unions Association (CUA Ltd.), as the apex body of all Credit Unions in Ghana, is duly registered with the Department of Co-operatives under the Co-operative Decree 1968 NLC Decree 252. It is an affiliate of the Ghana Co-operative Council. The African Confederation of Co-operative Savings and Credit Associations (ACCOSCA) and the World Council of Credit Unions (WOCCU) based in Madison, USA are the bodies that regulate the operations of apex bodies and Credit Unions in Africa and the world at large.

Ghana Co-operative Credit Unions Association (CUA) Limited is the umbrella body of all Co-operative Credit Unions in Ghana. Since 1968 it has been providing an enabling environment for financial and other technical services to its members and also ensuring that the Credit Union concept is promoted properly to become a household word. CUA is also to regulate and supervise all the Credit Unions in the country on behalf of the Bank of Ghana and other interested groups

for sanity to prevail in the market. According to the 17th CUA Educational and Biennial Conference Report, May 2012, there are 368,136 members, 409 credit unions and 11 chapters in Ghana.

Empirical review on co-operative credit union and their impact

Savings is forgone consumption. Thus, when an individual does not spend all after-tax income received within a given years that individual has saved some of his/her money income (Miller & Hoose, 2001). Shafinar (2013) notes that saving's decision is important to both individual and nation since savings provide an individual with financial security for possible had times and provide a nation with a significant source of an investment fund for economic development. According to Byrne, Power, McCarthy and Ward (2010) credit unions depend on members' savings to facilitate their operation. Byrne et al added that credit union is essentially a co-operative where members pool their money together and, as the need arises, individual members may wish to borrow from that pooled fund. Members are paid an annual dividend on their savings, which is usually within the range of deposit interest rates offered by conventional financial institutions. Building up the member's savings record is an integral part of the credit union service.

Deshpande and Zimmerman (2010) indicate that savings initiatives for young people tend to exist in one of three forms depending on both their purpose and the type of stakeholders sponsoring them. The first and most common type of youth savings initiative is a product geared to young people. Such savings products are offered by and held at a financial institution, generally on a standing-alone basis.

Such accounts may be offered for a mix of purely commercial and corporate social responsibility reasons, but rarely involve additional support services. Second and increasingly common are programmes to encourage and support savings. Youth-owned savings accounts (YSAs) offered as a result of initiatives by a non-profit institution to promote specific social outcomes, often in partnership with a financial institution. This type of savings initiative almost always involves additional support services offered alongside the account. The third and rarest type of savings initiative for young people occurs at the policy level; that is, YSAs offered as a result of an act of government, covering either all youth (in a few developed-country examples) or else, in the case of developing countries, all youth in a certain category. Policies are designed to encourage asset building or other positive behaviours, and typically feature both direct financial incentives/subsidies and restrictions on the withdrawal or use of funds.

Moyo (2009) notes that today, micro-finance brings groups of people into the economy for the first time, by offering the poor a range of saving tools. Low-income savers-whether in India, or Mexico, Uganda or Vietnam, Bolivia or Indonesia- generally want security, convenience, liquidity, confidentiality, a choice of products appropriate for their needs, helpful and friendly service, returns and potential access to loans (Ledgerwood & White, 2006).

Similarly, Collard, Kempson and Whyte (2001) highlight the need for individuals on low income to be able to save very small amounts. Credit unions are sympathetic to such cases and are willing to accept very small savings without causing embarrassment to the member. Recent years have witnessed a type of

saving where individuals move lump sums from one financial institution to another in pursuit of the most competitive interest rates (Byrne et al, 2010). However, Byrne, McCarthy and Ward (2005) point out that it is those who regularly save small amounts who represent the linchpin of the credit union. Credit unions, therefore, encourage regular saving and urge members to continue saving even a small amount while repaying loans. This represents part of a strategy to cultivate the habit of saving, thereby providing members with a fund to deal with planned or unforeseen expenses. Regular saving also enhances credit worthiness and can increase an individual's capacity to borrow.

Byrne, Power, McCarthy and Ward (2010) observed that many credit unions have introduced specific initiatives, targeted at young people and adults, which aim to encourage regular saving, such as savings stamps schemes. A number of credit unions have introduced initiatives aimed at facilitating regular saving by adults. These include payroll deduction schemes where, with an employer's agreement, members can set up an instruction for a specified amount from their salary to be paid directly into their credit union account. This is particularly useful for people who want to discipline themselves to save regularly. Over time, the individual will become used to not having access to the money that is automatically saved, making this a painless and rewarding way to save. Other options designed to provide a convenient way for members to save include standing orders, which allow money to be transferred from a bank account to a credit union account, electronic transfers, and lodgements by cheque or postal order.

Ofei (2001) states that at Credit Union Association of Ghana (CUA), a key strategy for improving savings mobilization was the establishment of the Central Finance Facility (CFF). The main purpose of CFF is to protect Credit Unions against large unanticipated withdrawals of cash by providing them access to short term, emergency liquidity loans. It is also to provide high yields on short term liquidity deposits by member Credit Unions, inter-system funds and rapid information on interest rate fluctuations.

Savings can be broadly categorized into public savings and private savings. Whereas public savings is the saving done by governments such as state, local and federal government, private saving is done by the private sector of the economy (Mankiw, 2001). Private saving is further categorized into personal or household savings and business saving. Household savings refers to saving done by families and individuals, whereas business savings refers to the purchases of new capital equipment or the expansion of its operations. Households have been identified to have benefited in several ways from savings, including hedging against unexpected emergencies, acquisition of assets, investment, provision for retirement, buy improve or upgrade homes, debt settlements and acquisition of social services (such as health and education).

To Morduch and Haley (2002) there is general consensus that facilitating savings is important, because there is a high demand for it among the poorest and because savings play a role in protecting against the seasonality of cash-flows and fulfilling an insurance function. In addition, building up deposits reinforces

financial discipline for customers and can eventually yield collateral and serve as a source of funding for MFIs.

According to Ocran and Ocran (2006) a business venture can be initiated in different ways. These include starting from scratch, buying existing companies, licensing, franchising and joint ventures. In terms of firm's ownership, it can be registered in different ways namely: Sole Proprietorship, Partnership and Limited Liability Company.

A business enterprise may be said to be a body dealing in the production and distribution of goods and services (Boachie-Mensah 2006). Appleby (1994) observes that business as an activity can be categorised into the following:

- i. People demanding goods and services. They are consumers, involved in consumption.
- ii. People involved in obtaining, arranging and transforming basic materials into finished products. They are the producers, involved in productivity.
- iii. People involved in distributing the products to consumers and others. They also can include those involved in the provision of financial services, for example, financial institutions.

The purpose of business is to provide people with the things they need. What people need varies from person to person, country to country and economy to economy. These needs are satisfied through business organisation (Attieku, Marfo-Yiadom, Dorkey & Tekyi 2006)

Business organisation, according to Boachie-Mensah (2006), can be categorised by level of activity, by sector, or by legal structure. By level of activity,

firms are grouped into primary, secondary and tertiary. Primary firms are involved in the first stages of production. These are the extractive industries, for example, agriculture, mining, and quarrying. The secondary stage of production is manufacture. This includes all manufactured goods. Tertiary firms are involved in the provision of services, for example, education, banking, insurance, and consultancy. By sector, firms are put into the private sector and the public sector. The private sector includes all firms employed by private enterprise. The public sector includes businesses that are controlled by government. By legal structure, firms are grouped according to the form of ownership. The major forms of business ownership include sole proprietorship, partnership, limited companies, co-operatives, and public sector enterprises.

To start a business, you need an idea or concept. Ideas are also useful in facilitating the growth, expansion and re-engineering of existing businesses. The key word in idea generation is innovation. You cannot be a successful entrepreneur without being innovative in your approach to business (Ocran & Ocran 2006). In the opinion of Tackie (2004), best business practices are the thresholds for development of businesses that are underrated. They may be fundamental, nothing new and arguable in Ghanaian business norms, which are underrated. However, SMEs cannot underrate their essence in a competitive market where cost reduction, benefits and quality service are the target. Hence, their avoidance can bring down a business at any point of a business cycle. Giving it an appropriate attention can help businesses grow steadily and pave way for growth and competition in domestic and international markets. The ten thresholds, which SMEs have underrated, are:

1. Using appropriate formal terms in transactions
2. Using barcodes
3. Ensuring delivery time
4. Ensuring customer satisfaction
5. Selling products or services that relate to the season
6. Interest in innovation
7. Choosing appropriate banks for business
8. Understanding what their business is offering or what they are known for.
9. Combining business and personal interest.
10. Appropriate positioning of family in businesses

Marfo-Yiadom and Boachie-Mensah (2009) the lack of strategic management knowledge is a serious obstacle for many small business owners. Other problems are often encountered in applying strategic management concepts to small businesses opportunities. However, small firms that engage in strategic management perform better than those who do not. A business model is a sustainable way of doing business. Here sustainability stresses the ambition to survive over time and create a successful, perhaps even profitable entity in the long run. A business model must be developed, nursed and optimized continuously in order to the company to meet changing competitive demands (Nielsen & Lund 2013).

According to Schein (2004), the choice of financing a business entity is an important determinant of whether a product reaches the market, or whether an existing business can survive. He states that the choice of financing is an important

part of being an entrepreneur and business owner and the ability to raise cash when you have no or limited history takes skill and creativity your part. Schein again makes it clear that there are a number of sources of financing a business entity but the suitability of the alternatives depends on what stage one's business is at and that will change as the company grows from stage to stage. The sources of finance which Schein identifies may come from the individual's personal savings, family and friends, strategic partner, angel financial, venture capital, trade credit, factoring, asset-based lending, bank financing and microfinance.

Ahiabor (2013) submits that, Microfinance Institutions (MFIs) in Ghana have proven to be a powerful tool for promoting inclusive economic growth especially in the area of Small-Scale Enterprise development and employment as well. Initiatives are aimed at providing soft loans to individuals and small-scale enterprises, even though a microfinance institution in Ghana is actually in the stage of infancy, the sector has proven itself to show positive in its growth in Ghana. This institution also aims at helping Small and Medium Enterprises (SMEs) to expand their business up to a point of becoming viable ones.

Moyo (2009) notes that today, micro-finance brings groups of people into the economy for the first time, by offering the poor a range of saving tools. Moyo argues that even small loans can boost business productivity gains and contribute to job creation and raise family living standards (better nutrition, better health and housing, more education). Although the banking sector is the largest and most important source of external financing for small scale enterprises, by and large, it is believed to be under-serving the needs of this sector. Small scale enterprises

alternatively draw financing from a variety of sources. Small firms rely proportionally more on non-bank services such as internal funds (savings, reformed earning family network) and the informal sector (money lender) as a result of their inability to produce the collateral needed by the commercial banks (Salta, 2003)

Some microfinance institutions provide services such as skills training, marketing, bookkeeping, and production to develop enterprises. Social services such as health care, education and literacy training are also provided by some MFIs and both enterprise development and social services can improve the ability of the low-income earners to operate enterprises either directly or indirectly (Legerwood, 1999).

Education in the largest sense is any act or experience that has a formative effect on the mind, character or physical ability of an individual. In its technical sense, education is the process by which society deliberately transmits its accumulated knowledge, skills and values from one generation to another [Kumar & Ahmad] (n.d).

Parents, rich or poor, expect that the education system will provide their children with the basic skills to either continue with their education or to pursue a livelihood which will enable them to enjoy a decent standard of living. Education is not a luxury but a right. The right to education is proclaimed in the universal Declaration of Human Rights (1948): Article 26.1 states that, “Everyone has the right to education...” it is reiterated in Article 28.1 of the convention on the rights of the child (1989), which states that, “ States parties recognize the right of the child to education, and with a view to achieving this right progressively and on the basis

of equal opportunity...” and in Article 29.1(a) in which States Parties agree that the education of the child shall be directed to, “ The development of the child’s personality, talents and mental and physical abilities to their fullest potential” (Kambon & Busby, 2000).

Organisation for Economic Cooperation and Development (OECD) (2013) observed that education has the potential to bring significant benefits to individuals and society, which go well beyond its contribution to individuals’ employability or income. Skills are important channels through which the power of education is manifested in a variety of social settings.

Kumar and Ahmad (n.d.) provide various definition of education as follows: “Education is the creation of sound mind in a sound body. It develops man’s faculty specially his mind so that he may be able to enjoy the contemplation of supreme truth, goodness and beauty”. Aristotle. “Education is not a preparation for life, rather it is the living. Education is the process of living through a continuous reconstruction of experiences. It is the development of all those capacities in the individual which will enable him to control his environment and fulfils his possibilities”. John Dewey. “Education is the complete development of the individuality of the child so that he can make an original contribution to human life according to the best of his capacity”.

Education can be formal, informal, adult education and special education. Formal education comprises of the basic education that a person receives at school. The basics, academic and trade skills are exposed to the person through formal education. Thus, this form of education is also referred to as mainstream or

traditional education. Beginning with nursery education, a person learns the various aspects as he advances towards primary, secondary and higher education. While nursery, primary and secondary education are received by a student at a school, higher education, or post-secondary education, is generally disclosed at a college or university. Informal education is edifying someone outside the basic form of education, that is, in schools, and without the use of any learning methods. Mentally challenged and handicapped students are educated through special learning methods, known as special education. For a student to be admitted into a special education school he is first evaluated on the various parameters of disabilities and accordingly, his eligibility is determined. Adult education is the process of educating the adults as it aims towards educating an adult on literacy, other basic skills and various job skills.

Payea and Baum (2005) assert that much of the benefit of higher education accrues to individual students and their families. For members of all demographic groups, average earnings increase measurably with higher levels of education. Over their working lives, typical college graduates earn about 73 percent more than typical high school graduates, and those with advanced degrees earn two to three times as much as high school graduates. Payea and Baum add that more educated people are less likely to be unemployed and less likely to live in poverty. Society as a whole also enjoys a financial return on the investment in higher education. In addition to widespread productivity increases, the higher earnings of educated workers generate higher tax payments at the local, state, and federal levels, and consistent productive employment reduces dependence on public income-transfer

programs. Because the individual outcomes affect others, it is not possible to neatly separate the benefits to individuals from those shared by society as a whole. For example, all workers benefit from the increased productivity of their co-workers, and unemployment causes the most damage to those who are out of a job, but also results in a loss to the entire economy. In addition to the economic return to individuals and to society as a whole, higher education improves quality of life in a variety of other ways, only some of which can be easily quantified. Moreover, the economic advantages already mentioned have broader implications. For example, in addition to increasing material standards of living, reduced poverty improves the overall well-being of the population, and the psychological implications of unemployment are significant. In addition, adults with higher levels of education are more likely to engage in organized volunteer work, to vote, and to donate blood; they are more likely to be in good health and less likely to smoke; and they are less likely to be incarcerated. The young children of adults with higher levels of education are read to more frequently than other children; they have higher cognitive skill levels and better concentration than other children.

United Nations Children's Fund [UNICEF] (2000) points out that Quality education includes: „ Learners who are healthy, well-nourished and ready to participate and learn, and supported in learning by their families and communities; Environments that are healthy, safe, protective and gender-sensitive, and provide adequate resources and facilities; Content that is reflected in relevant curricula and materials for the acquisition of basic skills, especially in the areas of literacy, numeracy and skills for life, and knowledge in such areas as gender, health,

nutrition, HIV/AIDS prevention and peace; Processes through which trained teachers use child-centred teaching approaches in well-managed classrooms and schools and skilful assessment to facilitate learning and reduce disparities; Outcomes that encompass knowledge, skills and attitudes, and are linked to national goals for education and positive participation in society.

The United Nations Development Report of (2000) defines poverty as pronounced deprivation which encompasses a wide range of issues including hunger, lack of shelter and clothing, lack of access to health care and education and inadequate or lack of access to policy making. According to Ofosu-Appiah (2011) Poverty is characterised by a lack of access to essential goods, services, assets, credits, and opportunities to which every human being is entitled to.

Poverty is also a state of vulnerability, especially to external shocks and internal social conflicts. The precarious conditions of the poor can quickly result in change in the poverty status of individuals and households at risk. Vulnerability can arise from natural factors such as climatic (e.g. droughts) and environmental change (e.g. desertification); economic changes such as reduced output; social changes, for example, in marital status; and also, be vulnerable because of their inferior social status, which expose them to exploitation even by other poor groups. Thus, it is precisely those in society who are least able to deal with risk, namely the poor, who are most exposed to it. Vulnerability also arises from seasonal fluctuations as demonstrated by the fact that there are significant seasonal cycles in occupational activities related. It is important to note that these attributes are, however, not always free standing; they inter-linked, i.e. if one is powerless, one is vulnerable

and consequently physically and economically weak and becomes isolated. These attributes interact with age, ethnicity and socio-economic status to produce highly diverse and complex patterns of poverty in Africa (Adjei, 2010).

Naraya (1999) also said poverty has five categories. First, many factors converge to make poverty a complex, multidimensional phenomenon. Second, as expected, poverty is routinely defined as the lack of what is necessary for material well-being — especially food but also housing, land, and other assets. Poverty is the lack of multiple resources leading to physical deprivation. Third, poor people's definitions reveal important psychological aspects of poverty. Poor people are acutely aware of their lack of voice, power, and independence, which subject them to exploitation. Their poverty also leaves them vulnerable to rudeness, humiliation, and inhumane treatment by both private and public agents of the state from whom they seek help. Poor people also speak about the pain brought about by their unavoidable violation of social norms and their inability to maintain cultural identity through participating in traditions, festivals, and rituals. Their inability to fully participate in community life leads to a breakdown of social relations. Fourth, the absence of basic infrastructure — particularly roads, transport, water, and health facilities — emerged as critical. While literacy is viewed as important, schooling receives mixed reviews, occasionally highly valued but often notably irrelevant in the lives of poor people. Finally, poor people focus on assets rather than income and link their lack of physical, human, social, and environmental assets to their vulnerability and exposure to risk.

According to Obeng (2011) Poverty in Ghana is prevalently rural. About seventy per cent of the country's poor people live in rural areas, where they have limited access to basic social services, safe water, motor able roads, and electricity and telephone services, banking services and other health care facilities. The incidence of poverty is highest in the northern parts of the country. While poverty has a firm grip on the north, there has been a substantial decline in poverty overall. The disparity has widened the income gap between people in the south, where there are two growing seasons, and those in the drought-prone northern plains that have only one growing season within the year. Poverty is deepest among food crop farmers. Poor food crop farmers are mainly traditional small-scale producers.

Surveys of the literature on financial intermediation and poverty reduction conclude that development of the financial sector contributes to economic growth and thereby to poverty alleviation (Holden & Prokopenko, 2001). A World Bank research looking at cross-cutting evidence substantiates the hypothesis that countries with better-developed financial intermediaries experience faster declines in measures of both poverty and income inequality (Beck, Demiguc-Kunt, & Levine, 2004).

In many developing countries, poor rural households face severe constraints when they seek credit from formal lending institutions. Formal financial services such as those offered by banks are often not available to those below the poverty line because of restrictions requiring that loans be backed by collateral. Nor do banks welcome the small amounts the poor want to save. As a result, the poor usually turn first to informal sources such as friends, relatives, or moneylenders,

who loan small amounts for short periods, or to informal, indigenous institutions such as savings clubs and lending networks to borrow enough to purchase food and other basic necessities. These informal networks are frequently successful in tiding the poor over difficult times such as a bad harvest, and they enable poor households to build up savings for investments that can help lift them out of poverty (Adjei, 2010).

In the writings of Shylendra (2007), microfinance (MF) has emerged as a potential instrument of poverty alleviation and empowerment. MF basically involves provision of small loans, savings and insurance to the poor using innovative methods. The World Development Report for 1990 (World Bank, 1990) found that poverty can be reduced most effectively by a strategy with two equally important elements. The first element is to promote the productive use of the most abundant asset of the poor, labour. Broad-based economic growth through appropriate macroeconomic and microeconomic policies is critical in this respect. There is also an important role for policies targeted at promoting infrastructure development and encouraging income generation activities for the poor. The second element is to provide basic social services to the poor. The World Bank found that primary health care, family planning, nutrition and primary education are especially important in this regard.

Similarly, better access to financial services enables the poor to establish and expand micro-enterprises and thereby improve their income levels and create employment. Even in middle income countries such as Botswana and Egypt, where

opportunities for wage employment are greater, many poor households rely on self-employment in micro-enterprises for their livelihood (Peprah, 2011).

Microcredit and cooperative programs have been developed to fill this gap. Their purpose is to help the poor become self-employed and thus escape poverty. Many of these programs provide credit using social mechanisms, such as group-based lending, to reach the poor and other clients, including women, who lack access to formal financial institutions (Huppi & Feder, 1990).

Bresser-Prerira (as cited by Saad-Filho, 2010) in throwing more light observes that a new development paradigm and a new poverty-targeted social policy, or what Bresser-Prerira (2007) has termed the “new developmentalism” ¹. There are two apparent pillars of this new approach towards poverty reduction and inclusive development. One is on the part of the state (i.e. government) to include the poor in their social and development program and to extend them into the rural areas and communities. Most relevant here is a more inclusive approach to healthcare and educational opportunities, and social safety nets to the poor, which almost automatically lifts the rural poor beyond the line of extreme poverty as well as ensuring social conditions of development such as health and education. The second pillar of the new developmentalism is a strategy pursued by rural households to diversify their source of income to include agriculture, labour (work off-farm), migrant remittances, government cash transfers, and rural development projects mediated with social participation.

Hassan (2002) further indicates that microfinance has been proven as effectively measure in poverty alleviation enabling those without access to

traditional lending institutions to borrow. Miller and Hoose (2001) note that credit unions had access to thrifty savers who provided funds, which the credit unions could then lend to other members who were more credit worthy than the average personal-loan customer of a commercial bank.

According to Richardson and Lennon (1994), the credit unions are successfully working within these diverse market segments by offering small savers the opportunity to earn market rates of interest and by providing loans to borrowers of limited income at competitive costs. They are capturing large numbers of small savings accounts and are re-investing these resources into the same communities as loans. This balanced approach to financial services is unique in rural Guatemala because it penetrates a financial market untouched by the commercial banks and other informal institutions. Micro-credit lending program is a small amount to the poor to finance productive activities which he did himself in order to generate income, allowing them to care for themselves and their families (Ashari, 2006).

To Zaman (2000) micro-credit contributes to mitigating a number of factors that contribute to vulnerability as well as reduces income-poverty; such as by smoothing consumption, building assets, providing emergency assistance during natural disasters, and contributing to female empowerment.

Chapter Summary

This chapter covered the work done by various authors and researchers on the subject of credit union, microfinance and the traditional banks. The chapter shed light on the savings, the motivation for accessing credit from credit union instead of the traditional banks by considering theories, concepts and empirical studies.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter gives a description of the procedure that was used in conducting the research. It has information on overview of the area of the study and subject of study, research design, and how the respondents were selected for the study. It also includes information on the research instruments, data collection procedure and data analysis method.

Study Area

Bolgatanga is the capital of the Upper East Region of Ghana. It is the first of the three municipalities of the region with a population of 131, 550 (Ghana Statistical Service, 2013). The municipality is located at the central part of the region. Its boundaries are Bongo district to the north, Nabdam district to the north-east, Talensi district to south-east, Kassena/Nankana West district to the north-west, and Kassena/Nankana East Municipality to south-west. The economic activities include government employees, famers, traders, artisan, and other private businesses. There are three credit unions operating in the municipality, namely Bolgatanga Teachers Credit Union, Regional Hospital Staff Credit Union, and Bolgatanga Polytechnic Staff Credit Union.

Research Design

The researcher used the descriptive survey type of research design to conduct the study. Descriptive survey studies are designed to obtain pertinent and precise information concerning the current status of the subject of study. According

to Taylor, Sinha and Ghoshal (2006) Descriptive Surveys such as opinion polls and consumer research are concerned with fact finding. Descriptive data is usually collected through well-structured questionnaires, interviews and/ or observation.

The descriptive survey was used because it aims at primarily describing, observing, and documenting situations as they naturally occur rather than explaining them. Babbie (1990) states that in descriptive survey, the researcher is concerned not with why the observed distribution exist but merely with what that distribution is. Descriptive survey also has the advantage of producing a good number of responses from a wide range of people. It involves extracting information from a large number of individuals using the same set of questions through personal contact, E-mail and the phone. It solicits more accurate picture of events and sought to explain the perception and behaviour of the individual on the basis of data collected at different points in time. It is apt when an investigator makes an effort to describe some aspects of a population by selecting who were asked to complete questionnaires, interview schedules and test (Polit & Hungler, 1995).

On the contrary, the descriptive survey presents difficulty of ensuring that questions answered are clear and not misleading since survey results can vary significantly because of the exact wording of the questions. The design may also produce unreliable results because they poke into private matters and some individuals may not be willing to divulge (Adams & Nsoh, 2007). The researcher used an instrument which protected the identity of the respondents to encourage them give accurate and reliable information.

Population

The target population involve all the credit unions managements and members in Bolgatanga Municipality. However, the accessible population was management committees and members of Bolgatanga Teachers Credit Union, and Regional Hospital Staff Credit Union. The population size for members was 255 comprising of 163 and 92 for Bolgatanga Teachers Credit Union and Regional Hospital Staff Credit Union respectively. The management committee population was 28 which consist of 14 each.

Sample and Sampling Procedure

A sample of 150 members and 20 management committee were selected using simple random sampling technique in relation to the proportion of the number of members and management committee members of each credit union. The simple random sampling technique was used where the respondents were randomly chosen such that all the respondent have equal chance of being included in the sample (MacDonald & Headlam, 2009). The use of the simple random sampling technique makes it possible for the findings of the study to be generalised about the entire members and management committee members of the credit unions. The sample was selected because it is more than 50% of the sample frame. A list of members and management committee for each of the credit unions was received from the management of the various unions. Pieces of paper are numbered from one to the last number of the members and management committee for each credit union. These numbered papers are placed in a bowl and shaken to mix them up. Next, one

of the pieces of paper is randomly selected. This process is repeated until the required sample size for each credit union is obtained.

Instruments

The research instrument that was used to obtain both quantitative and qualitative data from the respondents was questionnaire (appendices A and B). Two sets of questionnaires were used to collect data from the respondents. There were the members' questionnaire and management committees' questionnaire.

The member respondents' questionnaire had six sections. Section A contained the personal data of respondents and there were four items. Sections B, C, D, and E had five, five, three, and four items respectively. The items were made up of open and close-ended questions. The close-ended items had alternative responses but the open-ended items sought to ask for more divergent responses. The management committee respondents' questionnaire also had five sections. Section A like the members' questionnaire contained the personal data of respondents and it had four items. Sections B, C, D, and E had five, four, three, and four items respectively. They were made up of open and close-ended items.

Data Collection Procedure

The researcher introduced himself to the executives of the credit unions. After a period of one week, the researchers went back to the offices and administered the questionnaires to the respondents. After another week, the researcher went back to the offices for collection of the questionnaires. The researcher had to trace some of the respondents to their schools, wards and homes for the collections of the questionnaires.

Data Analysis

The data that was collected was edited, coded and analysed. The editing helped the researcher to delete questionnaires which were not completed. In addition, numbers were assigned to the various responses of respondents. The data was then analysed using a Statistical Package for Social Sciences (SPSS). In order to measure the direction of the various responses, frequencies and percentages were used.



CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter deals with the presentation and discussion of results of the study. There were two categories of respondents, namely: management committees and credit union members. This chapter presents the result of the study. Tables are used to help in the presentation and discussion of some of the results.

Demographic Characteristics of Respondents

Four demographic characteristics of both the management committee and the credit union members were presented. The four characteristics on which responses were elicited were age, sex, level of education and working experience as a management committee. Credit union members provided information on age, sex, educational background and length of membership.

Age of Respondents

The results of data collected indicated that there were 13(65%) of management respondents who were between 41-50 years of age and 7 (35%) of management respondents were between 31- 40 years of age. It is clear that a majority of respondents are between the ages of 41-50 years old.

Table 1 indicated the ages of credit union members. From the table, 77 (51.3%) of the respondents are between the ages of 31 to 40 years of age, 54 (36.0%) of the respondents are between the ages of 41 to 50 years of age, 16 (10.7%) of the respondents are 30 years of age or below, and 3 (2.0%) are above 50 years of age.

It shows that the majority of the members are between the ages of 31 to 40 years

which further implies that customers of these credit unions are predominated by youth.

1 Table 1: Demographic Characteristics of Respondents

| | Frequency | Percentage |
|--|------------|--------------|
| Age | | |
| 30 years and below | 16 | 10.7 |
| 31-40 | 77 | 51.3 |
| 41-50 | 54 | 36.0 |
| Above 50 years | 3 | 2.0 |
| Total | 150 | 100 |
| Gender | | |
| Management | | |
| Males | 12 | 60.0 |
| Females | 8 | 40.0 |
| Total | 20 | 100.0 |
| Members/Customers | | |
| Males | 81 | 54.0 |
| Females | 69 | 46.0 |
| Total | 150 | 100.0 |
| Educational Background | | |
| None | 8 | 5.3 |
| Basix School | 5 | 3.3 |
| Senior high school | 16 | 10.7 |
| Tertiary | 121 | 80.7 |
| Total | 150 | 100 |
| Length of time With the Credit Union | | |
| Less than 1 year | 15 | 10.0 |
| 1-3 years | 49 | 32.7 |
| 4-6 years | 69 | 46.0 |
| Above 6 years | 17 | 11.3 |
| Total | 150 | 100 |
| Management Committee Working Experience | | |
| 1 year or less | 1 | 5 |
| 2-5 years | 18 | 90 |
| Above 5 years | 1 | 5 |
| Total | 20 | 100 |

Source: Field Survey, (2016)

Gender of Respondents

On gender, the data showed that the management respondents were 12 (60%) males and 8(40%) females. The genders of members were 81 (54.0%) males and 69 (46.0%) females. This shows that both the management respondents and members respondents are dominated by men and as such, it reflects the gender gap that exist in the country in terms of employment and engagement in economic activities.

Educational Background

Educational background indicated that 20 (100%) of management committee respondents had tertiary education. As shown on Table 1, 121 (80.7%) of the credit union members respondents had tertiary education, 16 (10.7%) of the credit union members respondents had senior high education, 8 (5.3%) of the credit union members respondents had no formal education, and 5 (3.3%) of the credit union members respondents had basic education. This is an indication that a majority of the credit union members had tertiary education.

Length of Credit Union Members with the Credit Union

Again, Table 1 shows the length of time members have join the credit union. In the survey, 69 (46.0%) respondents join for 4 to 6 years, 49 (32.7%) respondents join for 1 to 3 years, 17 (11.3%) respondents join for above 6 years while 15 (10.0%) respondents join for less than 1 year. It is clear from the table that a majority of the respondents are 4 to 6 years old in the credit union which further expressed the experience that these respondents have with the union. Again, it emphasizes the depth of knowledge that these members have about the union.

Work Experience of Management Committee.

As shown in Table 1, 18 (90%) had working experience of between two to five years, 1 (5%) respondent had one year or less working experience, and 1 (5%) had experience for over five years. This implies that a majority of respondents has working experience between two to five years.

Presentation of the Main Data Results

The results of this study are presented based on the specific objectives and the research questions. The specific objectives form the heading of each presentation and the research questions guide the items used for eliciting responses. Each objective constitutes a main section supported by subsections where applicable.

Enhancement of Savings Habits of Members.

As shown in Table 2, 115 (76.7) of the members respondents save every month, 25 (16.7) of the members respondents save every now and then, 7 (4.6) of the members respondents save every week and 3 (2.0) of the members respondents save every year. It is clear that a majority of the members of credit union save regularly every month.

2 Table 2: How Often Do You Save

| How often do you save? | Frequency | Percentage |
|------------------------|-----------|------------|
| Every now and then | 25 | 16.7 |
| Every week | 7 | 4.6 |
| Every month | 115 | 76.7 |
| Every year | 3 | 2.0 |
| Total | 150 | 100 |

Source: Field Survey, (2016)

On the question of mechanisms available for savings, 20 (100%) of management committee respondents answered that members save at the office, through controller and accountant general department and through their agents. It clearly shows that members have multiples means of saving with the credit union.

3 Table 3: Mode of Saving with the Credit Union

| Mode of savings | Frequency | Percentage |
|-----------------------|-----------|------------|
| Through Controller | 120 | 80.0 |
| Personal cash deposit | 28 | 18.7 |
| Standing order | 2 | 1.3 |
| Total | 150 | 100 |

Source: Field Survey, (2016)

Table 3, indicates answers to a question to members respondents on the saving mechanisms they use. 120 (80.0%) respondents save through the controller and accountant general department, 28 (18.7%) respondents save personally in the office or to their agents and 2 (1.3%) respondents save by standing order. This implies that a majority of members save through the controller and accountant general department. This also authenticates the finding of Byrne, Power, McCarthy and Ward (2010) which observed that many credit unions have introduced specific initiatives, targeted at young people and adults, which aim to encourage regular saving, such as savings stamps schemes and payroll deduction schemes.

4 Table 4: The Attitude of Members Towards Savings

| Attitude | Strongly Agree | Agree | Strongly Disagree | Disagree | Total |
|---------------------------------|----------------|-------|-------------------|----------|-------|
| Saving means easier | 30 | 70 | 0 | 0 | 100 |
| Importance of savings | 35 | 65 | 0 | 0 | 100 |
| Save regularly and promptly | 35 | 65 | 0 | 0 | 100 |
| Increased savings | 35 | 65 | 0 | 0 | 100 |
| Prefer saving with credit union | 35 | 60 | 0 | 5 | 100 |

Source: Field Survey, (2016)

In an answer to the statement “The savings mechanisms for our members are easier than other financial institutions”, 70% agreed and 30% of the respondents strongly agreed. It is clear that majority of members think that saving mechanisms are better than other financial institutions.

In a response to the statement “Members are educated on the important of savings”, 65% agreed and 35% of the respondents strongly agreed. This means that members are aware of the importance of savings. On the statement “Members are motivated to save regularly and promptly”, 65% agreed and 35% of the respondents strongly agreed. This implies that members are motivated to save regularly and promptly. In a reply to the statement “Most members have increased their savings”, 60% of the respondents agreed that most members have increased their savings. However, 5% of the respondents disagreed with the statement. It clearly shows that a majority have increased their savings. In an answer to the statement “I prefer to save with credit union than any other financial institution”, 63.3% of the respondents agreed, 35% of the respondents strongly agreed but 1.3% of the respondents disagreed with the statement. This shows that a majority of members prefer saving with the union to other financial institutions. On the question of “how important is savings to you?” 97 (64.7) of the members respondents said that savings is very important, 51 (34%) of the members said that savings is important, and 2 (1.3%) of the members respondent that savings is not important. The majority of the respondents are of the view that savings is very important.

5 Table 5: The Total Amount Saved in a Mouth

| Amount Saved | Frequency | Percentage |
|--------------|-----------|------------|
| GH¢10-GH¢30 | 4 | 2.7 |
| GH¢40-GH¢60 | 81 | 54.0 |
| GH¢70-GH¢100 | 50 | 33.3 |
| Above GH¢100 | 15 | 10.0 |
| Total | 150 | 100 |

Source: Field Survey, (2016)

Table 5 shows answers to the question of the total amount saved in a month. 81 (54.0%) of the respondents save between GH¢40-GH¢60 a month, 50 (33.3%) of the respondents save between GH¢70-GH¢100. However, 4 (2.7%) save between GH¢10-GH¢30. It is an indication that a majority of the members save between GH¢40-GH¢60 a month. This confirms the assertion by Collard, Kempson and Whyte (2001) which highlight the need for individuals on low income to be able to save very small amounts. Credit unions are sympathetic to such cases and are willing to accept very small savings.

6 Table 6: Importance of Saving

| Amount Saved | Frequency | Percentage |
|----------------|-----------|------------|
| Very important | 97 | 64.7 |
| Important | 51 | 34.0 |
| Not important | 2 | 1.3 |
| Total | 150 | 100 |

Source: Field Survey, (2016)

As seen from Table 6, 97 (64.7%) of the respondents said saving is very important, 51 (34.0%) of the respondents are of the opinion that saving is important. The minority respondents of 2 (1.3%) maintained that saving is not important. This shows that a majority credit union member considers saving very important.

Contribution of the Credit Union to Members' Businesses

Table 7 shows that 13(65.0) of management committee respondents said that members have benefited from loans to buy inputs, start up a business, and working capital; 5 (25.0) of management committee respondents said that members have benefited from loans to buy inputs, start up a business, working capital building or rent; and 2(10.0) of management committee respondents said that members have benefited from loans to buy inputs, start up a business, working capital building or rent, and plant and machinery. This is a clear indication that a majority of members who have businesses have benefited from loans to carry out various business activities.

7 Table 7: Business Facilities

| Business facilities | Frequency | Percentage |
|---|-----------|------------|
| Inputs, start up, working capital loans | 5 | 25 |
| Inputs, start up, working capital loans, and building/rent loans | 13 | 65 |
| Inputs, start up, working capital loans, building/rent loans, and plant and machinery loans | 2 | 10 |
| Total | 20 | 100 |

Source: Field Survey, (2016)

In an answer to the rate of interest on business loans 20 (100%) of the management committee respondents said business loan interest is between 16% to 20% per annum. It a clear indication that interest rate on loans provided by the credit union is lower compared to the traditional banks in Ghana. This attest to the submission by Kouassi-Komlan and Fouseca (2004) that loans provided by microfinance institutions have a lower interest rate and fewer guarantees are needed.

8 Table 8: Rate of Interest and Processes of Accessing Business Loan

| Interest and processes | Strongly | Agree | Strongly | Disagree | Total |
|--|----------|----------|----------|----------|-------|
| | Agree | Disagree | | | |
| The rate of interest on business loan | 26.3 | 69.4 | 1.5 | 2.5 | 100 |
| Processes & procedure for getting a loan | 23.7 | 72.8 | 0.9 | 2.6 | 100 |
| Forms & levels of businesses | 34.6 | 49.3 | 11.8 | 4.3 | 100 |
| Best business practices | 41.7 | 30.6 | 13.0 | 14.7 | 100 |
| Establishment of businesses | 29.4 | 55.6 | 6.3 | 8.7 | 100 |

Source: Field Survey, (2016)

The part of this section concerns the rate of interest on business loans, the processes and procedures for accessing business loan, talks on the various forms and levels of businesses, seminars on best business practices, and encouraging members to also establish businesses. The answers of members respondents are presented in Table 8.

In answering to the statement that the rate of interest of business is lower than the traditional banks 69.4% of the members respondents agreed, 26.3% of the members respondents strongly agreed. On the contrary, 2.5% of the members respondents disagreed, and 1.8% of the members respondents strongly disagreed. Answering a similar statement, 75% of management respondents agreed, while 25% strongly agreed. It is clear that a majority of the management and members of the credit union are of the opinion that business loan interest rate is lower than that of the traditional banks.

Almost 73% of the members respondents agreed, 23.7% of the members respondents strongly agreed. But 2.6% of the members respondents disagreed, while 0.9% of the members respondents strongly disagreed. To the management committee, 80% agreed and 20% strongly agreed. This is a demonstration that a majority of management committee and members agree that the processes and procedure for accessing business loan is easier than the traditional banks. In responding to the statement that the credit union management committee at times talks to members about the various forms and levels of businesses, 49.3% of the members respondents agreed, 34.6% of the members respondents strongly agreed. However, 11.8% of the members respondents strongly disagreed, while 4.3% of the members respondents disagreed. There no doubt from members responses show that a majority of the members are educated on the various forms and levels of business organisations. This confirms the statement by Boachie-Mensah (2006), that Business organisation can be categorised by level of activity, by sector, or by legal structure.

Concerning the statement that the credit union organises seminars on best business practices, 41.7% of the members respondents agreed, 30.6% of the members respondents strongly agreed. On the contrary, 14.7% of the members respondents disagreed and 13.0% of the members respondents strongly disagreed. This is a clear manifestation that the credit unions have informed a majority their members about the best business practices. In response to the statement that the credit union encourages members to also establish businesses, 55.6% of the members respondents strongly agreed, 29.4% of the members respondents agreed. But, 8.7% of the members respondents disagreed and 6.3% of the members respondents strongly disagreed. This is overwhelming evidence that the credit unions encourage their members to establish businesses.

Union’s Contribution to Members Education

Table 9 discloses the contributions of credit union to members’ tertiary education and the education of their children and siblings.

9 Table 9: Contribution to Members’ Education

| Education of members | Strongly Agree | Agree | Strongly Disagree | Disagree | Total |
|-------------------------------------|----------------|-------|-------------------|----------|-------|
| Help to appreciate formal education | 16.0 | 34.4 | 19.3 | 30.3 | 100 |
| Financing members’ formal education | 29.0 | 42.1 | 17.4 | 11.5 | 100 |

Source: Field Survey, (2016)

34.4% of the members respondents agreed, 30.3% of the members respondents disagreed, 19.3% of the members respondents strongly disagreed, while 16.0% strongly agreed. To management respondents, 55% agreed and 45% strongly agreed. It thus implies that the credit unions help their member to appreciate the important of formal education. This affirms the assertion by Payea and Baum (2005) that the benefits of higher education accrue to individual students and their families.

On the statement that the credit union has helped finance members' formal education, 42.1% of the members respondents agreed, 29.0% of the members respondents strongly agreed, 17.4% of the members respondents strongly disagreed, while 11.5% agreed. When a similar statement was put to management committee, 85% of management respondents strongly agreed and 15% agreed. This implies that the majority of members have had financial assistance in their formal education.

The issue of other semi-formal or informal education benefited from the credit union was looked at. The responses of members are presented in Table 10.

10 Table 10: Education Received from the Credit Union

| Education on how to | Frequency | Percentage |
|-----------------------------|-----------|------------|
| Save | 54 | 36.0 |
| Plan for school fees | 34 | 22.7 |
| Plan and acquire a property | 21 | 12.0 |
| Use loan effectively | 18 | 12 |
| Repay loan promptly | 23 | 15.3 |
| Total | 150 | 100 |

Source: Field Survey, (2016)

In fact, 54 (36.0%) of the members respondents received education on how to save, 34 (22.7%) of the members respondents received education on how to plan for school fees, 23 (15.3%) of the members respondents received education on how to repay loans promptly, 21 (14.0%) of the members respondents received education on how to plan and acquire a property, and 18 (12.0%) of the members respondents received education on how to use loan effectively. The finding shows that members received education on how to save, plan for school fees, plan acquire a property, use loan effectively, and repay loan promptly. It is however, clear that a majority of members had education on how to save.

The opinions of management committee were also sought on other education provided to members. 80% of management respondents said members received education on how to save, plan for school fees, plan and acquire a property, use loan effectively, and repay loans effectively. On the contrary, 20% of management respondents said members received education on how to save, plan for school fees, plan and acquire a property, and repay loans effectively. This also proofs that education has been provide to a majority of members on how to save, plan for school fees, plan acquire a property, use loan effectively, and repay loan promptly.

Poverty Reduction

The fourth objective is to examine how credit union has contributed to poverty reduction of members. This objective corresponded with research question four, which sought to ask, how has the credit union helped in poverty reduction of members? The responses of members are presented in Table 11.

11 Table 11: Poverty Reduction of Members

| Education of members | Strongly Agree | Agree | Strongly Disagree | Disagree | Total |
|---------------------------------|----------------|-------|-------------------|----------|-------|
| Provided easy access to credit | 38.0 | 61.3 | 0.0 | 0.7 | 100 |
| Easy means of savings | 40.7 | 58.7 | 0.6 | 0.0 | 100 |
| Expansion of members businesses | 38.7 | 60.0 | 0.6 | 0.7 | 100 |
| Insurance for members on loans | 41.3 | 56.7 | 0.7 | 1.3 | 100 |

Source: Field Survey, (2016)

In an answer to the statement that credit union has provided you with easy access to credit, 61.3% of the members respondents agreed, and 38.0% of the members respondents strongly agreed. Nevertheless, 0.7% of the members respondents disagreed. When a similar statement was put to management, 60% of the respondents agreed, and 40% of the respondents strongly agreed. This shows that members have easy access to credit from the credit union. It confirms the stand by Huppi and Feder (1990) that microcredit and co-operative programs provide credit using social mechanisms, such as group-based lending, to reach the poor and other clients, including women, who lack access to formal financial institutions.

In a response to the statement “The credit union has provided you with easy means of saving” 58.7% of the members respondents agreed, and 40.7% of the members respondents strongly agreed. But 0.6% of the members respondents had a contrary view on easy means of saving. To the management, 55% of respondents agreed, and 45% of the respondents strongly agreed. This is an overwhelming

evidence that credit unions provide easy means of saving which proves the assertion by Shylendra (2007), that microfinance basically involves provision of small loans, savings and insurance to the poor using innovative methods.

In a reaction to the statement that the credit union has enable members to expand their businesses, 60.0% of members respondents agreed, 40,7% of members respondents strongly agreed, 0.7% of members respondents disagreed, and 0.6% of members respondents strongly disagreed. When the same statement was put to management, the respondents believe just like the majority of the members that credit unions has enable members to expand their business as 55% agreed and 45% strongly agreed.

In an answer to the statement that the credit union has provided insurance for members that have taken loans, 56.7% of members respondents agreed, and 41.3% of members respondents strongly agreed. A minority of 1.3% of the respondent disagreed and 0.7% of the respondents strongly disagreed. For the management 50% of the respondents strongly agreed and 50% of the respondents agreed. This clearly means credit unions provide insurance for members that access credit for the union.

On how credit unions contribute to poverty reduction, we conclude that there has been a unanimous consensus between both management and members/customers. Specifically, the consensus has been that credit union provide insurance for members on loan, provide easy means of saving, help in business expansion and also provide easy access credit.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter is devoted to the summary of the study, conclusions and recommendations. Also, areas suggested for further research is catered for in this chapter.

Summary of the Study

The specific objectives of the study were to determine how credit unions has contribute to savings habits of their members; to find out how credit union has enhanced members' businesses; to ascertain the contribution of credit union to members' education; and to examine how the credit union has contributed to poverty reduction of members. The research reviewed both theoretical and empirical literature on the study. This section is further divided into a number of parts including the Concepts of Microcredit and Microfinance, co-operative credit union, savings, business, education, poverty reduction, and an empirical review of a financial NGO.

The research design used for the study is a survey. The survey helps to obtain pertinent and precise information concerning the current status of the subject of study. The sample consisted of one hundred and fifty (150) credit union members respondents and twenty (20) management committee respondents from Bolgatanga Teachers Credit Union and Regional Hospital Staff Credit Union. The management committee respondents were made up of twelve (12) male and eight (8) female. The credit union members respondents were also made up of eighty-one (81) male and

sixty-nine (69) female. The sampling procedure used was the using simple random sampling technique.

Conclusions

The study revealed that credit unions offer their members several avenues for savings such as controller and accountant general department, saving through their agents, going to the office to save as well as standing order. This indeed serves as a motivation for members to save regularly. It further came to light from the findings that credit unions provide for all manners of income earners to save since members can even save GH¢10,000 per month.

Again, it was found out that the credit union annual interest rates were between 16% and 20% which is lower than the traditional banks in Ghana. With respect to the processes and procedures for accessing credit, it came to light that the processes and procedures for accessing credit are easier than the traditional banks. Also, the contribution of the credit union to the expansion of the businesses of members has been amplified.

The study has brought to the fore the education benefited from the credit union in the area of formal education of members and their relatives, savings, loan repayment and how to acquire property.

Finally, the study revealed that the credit unions have contributed to the poverty reduction of members by helping them to expand their business, save easily, ensure the credit and improve the standard of living.

Recommendations

In view of the fact that credit unions are in keen competition with each other, there is the need to build capacity for their management staff. The study therefore recommends capacity building for the management committees of the credit unions to enable them leave up to the challenge of creditably managing the affairs of the credit unions under their care. In this regard, a training program may be developed that would enhance staff capacity in designing, implementing, monitoring and evaluating microfinance projects. This will enable the credit unions and the microfinance institutions in general to tailor microcredit to meet the needs and demand patterns of applicants and ensure satisfaction of beneficiaries.

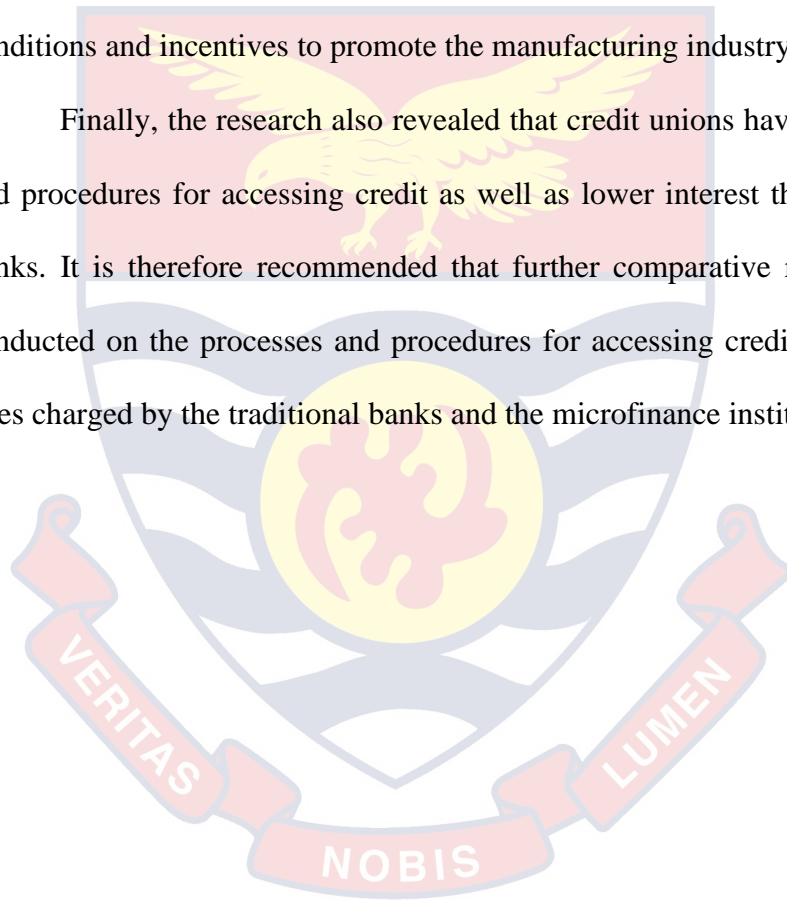
Furthermore, as the study discovered that credit unions has reduced the poverty levels of their members, there is the need to have a strong collaboration between the government of Ghana and the Microfinance institutions to reduce poverty especially in the rural areas. Micro-credits to the rural people promote rural development and therefore, there is the need for the government to support the activities of Microfinance institutions through supply of funds for on-lending to the poor.

Again, credit unions have played very useful roles in improving the quality of life of the marginalized and excluded in society. These people have had very little or no access to funding from the traditional banks. The only remedy for reducing poverty levels among them is through membership of credit unions. If the credit unions are to be more viable and more beneficial to members, their interest

rates should be reduced in order to make the credit unions capable of attracting and retaining members.

It was found out that members of the credit union who are in business are mostly into distribution and retail. This is probably because conditions in the manufacturing sector are not favourable. It is therefore recommended that the government through the appropriate agencies should provide the enabling conditions and incentives to promote the manufacturing industry in Ghana.

Finally, the research also revealed that credit unions have easier processes and procedures for accessing credit as well as lower interest than the traditional banks. It is therefore recommended that further comparative research could be conducted on the processes and procedures for accessing credit, and the interest rates charged by the traditional banks and the microfinance institutions.



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APPENDICES

A: Questionnaire for Credit union Management Committee

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

The study is a post-graduate research project designed to assess the contributions of Cooperative Credit Union Associations to their members in Bolgatanga Municipality as a partial fulfillment of the requirement for the award of Masters in Business Administration (General Management). Your responses shall be treated with utmost confidentiality. Please **tick (√) or write** in the box (es) that is/are relevant.

A. Demographic Issues

1. Age: Below 30 31-40 41-50 51 and above
2. Sex: Male Female
3. Educational Background
 - a. None
 - b. Basic School
 - c. Senior High School
 - d. Tertiary (University, polytechnic, College of Education)
 - e. Others, specify.....
4. Working Experience as a Management Committee Member:
Less than 1 year 2-5 years above 5 years

B. The enhancement of savings habits of members

5. What are the mechanisms available for saving by members?

- a. Members saving at the office
- b. Agents moving to members' work places
- c. Saving through controller
- d. Others (specify).....

6. The savings mechanisms for our members are easier than other financial institutions.

Strongly Agree Agree Strongly Disagree Disagree

7. Members are educated on the importance of savings

Strongly Agree Agree Strongly Disagree Disagree

8. Members are motivated to save regularly and promptly.

Strongly Agree Agree Strongly Disagree Disagree

9. Most members have increased their savings.

Strongly Agree Agree Strongly Disagree Disagree

C. Contribution of the credit union to members' businesses

10. Which of the following business facilities have your members benefited since joining the credit union?

- a. Loan for business input
- b. Loan to start a business
- c. Loan for working capital
- d. Loan for land/building/rent
- e. Loan for plant and machinery
- f. Others (specify).....

11. The rate of interest on business loans is

- a. Less than 10% per annum []
- b. 10%-15% per annum []
- c. 16%-20% per annum []
- d. 21%-25% per annum []
- e. 26%-30% per annum []
- f. More than 30% per annum []

12. The rate of interest on business loans given to members is lower than that of the traditional banks.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

13. The processes and procedures for accessing loan are easier than that of the traditional banks.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

D. Contribution of the credit union to the education of members.

14. The credit union has helped members to appreciate the importance of formal education.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

15. The credit union has assisted members to finance their formal education.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

16. The credit union has sensitise members on how to. (Tick all that are relevant).

- a. Save []
- b. Plan for school fees []

- c. Plan and acquire property []
- d. Use loan effectively []
- e. Repay loan promptly []
- f. Others (specify).....

E. Poverty Reduction

17. The credit union has provided members with easy access to credit.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

18. The credit union has provided you with easy means of saving

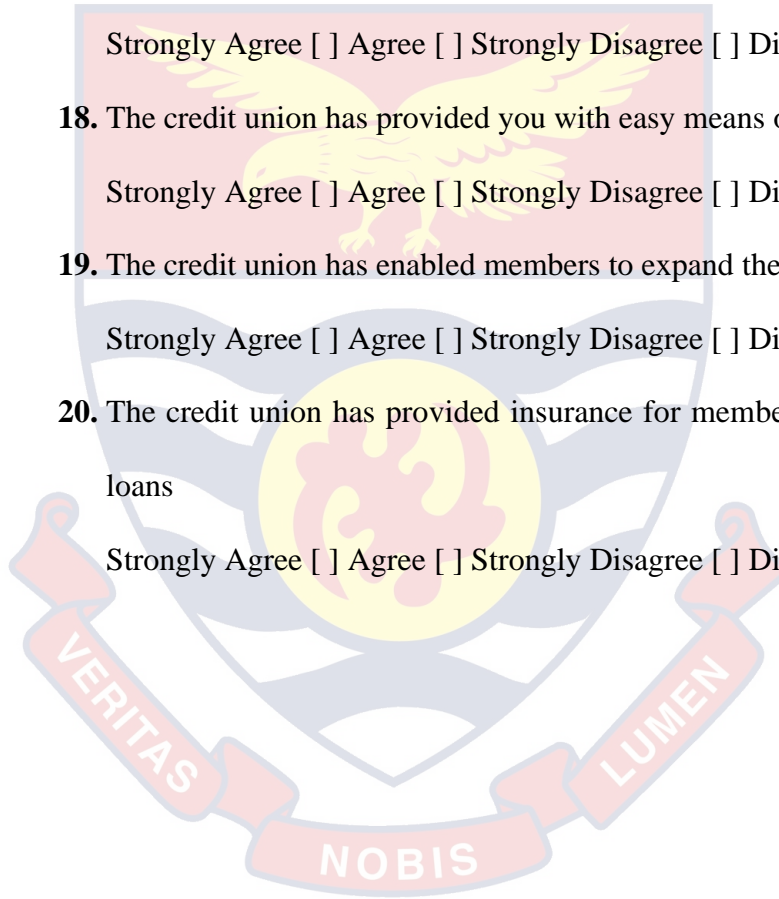
Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

19. The credit union has enabled members to expand their businesses.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

20. The credit union has provided insurance for members that have taken loans

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []



B: Questionnaire for Credit Union Members

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING AND FINANCE

The study is a post-graduate research project designed to assess the contributions of Cooperative Credit Union Associations to their members in Bolgatanga Municipality as a partial fulfillment of the requirement for the award of Masters in Business Administration (General Management). Your responses shall be treated with utmost confidentiality. Please **tick (√) or write** in the box (es) that is/are relevant.

A. Demographic Issues

1. Age: Below 30 31-40 41-50 51 and above

2. Sex: Male Female

3. Educational Background

f. None

g. Basic School

h. Senior High School

i. Tertiary (University, polytechnic, College of Education)

j. Others, specify.....

4. How long have you been a member of the credit union?

a. Less than 1 year

b. 1-3 years

- c. 4-6 years
- d. Above 6 years

B. The enhancement of savings habits of members.

5 How often do you save with the credit union?

Every now and then Every week Every month Every year

6 What is the mode of saving with your credit union?

- a. Deductions at controller and accountant general department
- b. Personal cash deposit
- c. Standing order
- d. Others, specify.....

7 What is the total amount you save in a month?

GH¢10- GH¢30 GH¢40- GH¢60

GH¢70- GH¢100 Above GH¢100

8 How important is savings to you?

Very important Important Not important

9 I prefer to save with credit union than any other financial institution?

Strongly Agree Agree Strongly Disagree Disagree

C. Contribution of the credit union to members' businesses

10. The rate of interest on business loans is lower than that of the traditional banks.

Strongly Agree Agree Strongly Disagree Disagree

11. The processes and procedures for accessing loan are easier than that of the traditional banks.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

12. The credit unions at times talk to members about the various forms and levels of business organisations. Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

13. The credit union organises seminars on best business practices.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

14. The credit union encourages members to also establish businesses.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

D. Contribution of the credit union to the education of members.

15. The credit union has helped you in your tertiary education.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

16. The credit union has helped you to pay your children or siblings' school fees.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

17. The credit union has educated you on how to. (Tick all that are relevant).

g. Save []

h. Plan for school fees []

i. Plan and acquire property []

j. Use loan effectively []

k. Repay loan promptly []

l. Others (specify).....

E. Poverty Reduction

18. The credit union has provided you with easy access to credit.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

19. The credit union has provided you with easy means of saving

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

20. The credit union has enabled members to expand their businesses.

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

21. The credit union has provided insurance for members who have taken loans

Strongly Agree [] Agree [] Strongly Disagree [] Disagree []

