

EUROPEAN UNIVERSITY OF LEFKE
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**THE ROLE OF MICROFINANCE IN
POVERTY ALLEVIATION IN THE
ADENTAN MUNICIPALITY, GHANA**

Benjamin Kwabena BADU

SUPERVISOR

Asst. Prof. Dr. Berna SERENER

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Benjamin Kwabena BADU, a Master of Business Administration student of European University of Lefke, Institute of Graduate Studies and Research defended his thesis titled **“The Role of Microfinance in Poverty Alleviation in the Adentan Municipality, Ghana”** on 22nd August, 2022, and has been found to be satisfactory by the jury members.

Jury Members

Prof. Dr. Mehmet AĞA
Cyprus International University

Assoc. Prof. Dr. Derviş KIRIKKALELİ
European University of Lefke

Assist. Prof. Dr. Berna SERENER (Supervisor)
European University of Lefke

Prof. Dr. Özgür Cemal ÖZERDEM
Director of the Institute of
Graduate Studies and Research

THESIS DATA ENTRY FORM

Reference No	XXX
Author's Name/Surname	Benjamin Kwabena BADU
Nationality / ID NO	Ghanaian
Phone / Mobile Phone / e-Mail	mrbenbadu@gmail.com
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ABSTRACT

Many developing countries including those in sub-Saharan Africa (SSA) are affected by poverty and are finding it difficult to cope with its nefarious effects. Fortunately, microfinance institutions (MFIs) have come to their rescue since they can accept to give loans to the poor with little or no collateral security. The present study assesses the adaptation options and the role played by MFIs in alleviating poverty in Adentan municipality of Greater Accra, Ghana. To achieve this aim, 398 questionnaires were retained through an online survey, with respondents ranging from uneducated to PhD holders who have more or less benefited from MFIs services. The Cronbach's Alpha and Spearman's Rho correlation tests were performed to assess the reliability and associations in our variables respectively. Further, regression analysis was performed to assess the effects of MFIs in satisfying basic needs, enhancing living standards, and in the utilization of microfinance to boost earnings. Our findings revealed that a combination of adaptation options was chosen by respondents to cope with poverty with the recurrent one being income diversification (16.70%) and the least being joining fundraising group (10.43%). Furthermore, our data was reliable and sufficient (≥ 0.5) for regression analysis while a significant but weak relationship ($p < 0.001$ or $p < 0.05$) was found between our dependent variables and predictors. Finally, our regression analysis showed a robust and beneficial effect indicating that loans from microfinance institutions have been able to improve the living conditions of those living in deprivation. These results rejected all the four (4) null hypothesis and endorsed the four alternative ones (H1, H2, H3 and H4). In view of that, we can only get the most out of MFIs with the participation of the government, which formulates policies related to basic needs (BN), living standards and business operations.

key words: Poverty, Microfinance Institutions, Alleviating Poverty, Adentan Municipality, Ghana.

PREFACE

My supervisor, Assistant Professor Berna Serener, deserves credit for her constant direction, patience, and never-ending supply of fascinating resources solely to ensure that this thesis was a success. Her simple approach to science and research is an inspiration. Her approach is mirrored in her straightforward writing style, which I intend to emulate throughout my career.

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LIST OF ABBREVIATIONS

AfDB	: African Development Bank
AIDS	: Acquired Immunodeficiency Syndrome
ATD	: All Together in Dignity
CVC	: Climate Variability and Change
GMT	: Greenwich Meantime
GMT	: Greenwich Meantime
HIV	: Human immunodeficiency virus
HIV/AIDS	: Human Immune Virus/Acquired Immune Deficiency Syndrome
IMF	: International Monetary Fund
LDCS	: Less Developed Countries
LEAP	: Livelihood Empowerment Against Poverty Programme
MDGs	: Millennium Development Goals
MFIs	: Microfinance Institutions
OECD	: Organization for Economic Co-operation and Development
OVC	: Orphaned and Vulnerable Children
PNDC	: Provisional National Defence Council
SDGs	: Sustainable Development Goals
SSA	: Sub Saharan Africa
STDs	: Sexually Transmitted diseases
TB	: Tuberculosis
UN DESA	: United Nations Department of Economic and Social Affairs

UNICEF : United Nations International Children's Emergency Fund

UNRISD : United Nations Research Institute for Social Development

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Poverty has persistently become an issue of contention especially in the less developed countries (LDCs) where almost 75% of its rural population suffer from the nefarious effects owing to their high dependency on agriculture for survival (World Bank, 2007). Even though significant efforts are continually being implemented at the global scale to enhance growth and development, the impacts on poverty have not been felt (Sohn & Ume, 2019). Reputable global financial institutions such as the International Monetary Fund (IMF), the World Bank, and the European Bank for Reconstruction and Development often shy away from extending credit to people in the LDCs because of high risk and the costs involved. As a result, rural areas of these countries are left to suffer from underdevelopment largely due to inadequate financial facilities. Therefore, only financial institutions devoted to enhancing local socioeconomic progress and wellbeing like microfinance institutions take the challenge to operate in rural communities.

The concept of microfinance and its historical evolution has not been clearly uncovered in scholarly literature. Some studies suggested that microfinance emerged in the 1970s, with the effort of a Bangladeshi economist, Nobel Prize winner and a Grameen Bank founder, Muhammad Yunus, who concluded that “5% of Grameen Bank clients are able to exit the vicious cycle of poverty” (Sinha, 2013; Sohn & Ume, 2019). This statement gained support from “A Partial Marvel”, which states, “Microcredit may not work wonders, but it does help the entrepreneurial poor.”¹ Others insinuate that it originated from Europe (Rahman, 2010; Ashta et al., 2016) while Bateman, (2014) affirmed that the origin and historical evolution of microfinance emerged from the USA and Latin America. It is not in the interest of this study to trace its origin or history, but the idea of microfinance

must be acknowledged and cherished since every country can attribute the origin and history of microfinance to its own context given that it is not a new phenomenon in many countries.

The main aim for MFIs is to reduce the rate of poverty among deprived persons by delivering them with credit facilities that aid in business startups or expansion (Sohn & Ume, 2019). A poor person is someone who lives below a certain poverty threshold. According to the World Bank, extreme poverty abounds when a person or household lives below a daily income of \$1 and moderate when they live below \$2 or \$5 per day (Novignon et al., 2012).

The idea of microfinance incorporates small-scale financial systems, which provide credit, insurance, savings and repayment facilities to the deprived to empower them to become full time entrepreneurs or engage in economic activities which can further help them to withstand economic shocks (Ledgerwood, 1999)

The influences of microfinance on poverty alleviation and income generation have been a potential subject of research across the Islamic world (Mohamed & Fauziyyah, 2020;), South and Southeast Asia (Mamun et al., 2017; Srinivas, 2018; Prathap et al., 2018; Poddar et al., 2019; Owais et al., 2020; Ginanjar & Kassim, 2020) and sub-Saharan Africa (Kasali et al., 2015).

The continuous existence of microfinance in LDCs is essentially due to its success in countries like Bangladesh and Pakistan in South and Southeast Asia as well as Nigeria and Ghana in Sub Saharan Africa (Kasali et al., 2015). Additionally, empirical evidence indicates that poor people's access to microfinance has improved the welfare of their families as it provides them with financial service especially as they are left out of the financial market (Mamun et al., 2017; Poddar et al., 2019). Therefore, the core of microfinance institutions is to provide the less fortunate with credit facilities, as they do not have access to finance because of their inability to provide tangible collateral security.

Microfinance has been acknowledged to be an effective tool in reducing poverty in Ghana (Dzisi & Obeng, 2013), but most studies dwell on the role of microfinance on the wellbeing of farmers (Batinge & Jenkins, 2018). Additionally, studies related to microfinance and poverty alleviation focus either on men or women (Sultana et al., 2017; Owais Shafique et al., 2020).

Practical evidence related to farmer's access to finance indicates that their eligibility to obtain credit from microfinance is hindered by their characteristics and nature of the agricultural activities (Batinge & Jenkins, 2018). Again, the meagre evidence-based studies and the varied results in this research area explains the need to carry out a thorough and understandable study in this domain.

Hands-on poverty evaluation in urban and rural communities suggests that people living in these communities mentioned the concept of vulnerability as the main upheaval to their livelihood sustainability than poverty itself (Bakare, 2018). This corresponds to studies conducted in Ghana, which found vulnerability to be a significant aspect in perceiving poverty (Appiah-Kubi et al., 2008). This also goes in line with the opinion of poverty analysts who underscored that risk and vulnerability are key determinants in assessing the ability of poor and rich people to cope with the adverse effects of poverty (Bakare, 2018).

It is therefore incumbent to master the link between financial development and poverty alleviation in the context of Ghana to orient our study. The financial sector, notwithstanding deregulation and liberalization policies, has been the key instruments of growth for the actual economic sectors through advancements in technology and capital accumulation. This helped Ghana to achieve the national poverty reduction mark fixed by the Millennium Development Goals (MDGs) in the year 2000, which reduced the nationwide poverty rate by half (from about 49% down to 24.2%) in 2013 (Frimpong, 2020). This remarkable achievement delayed poverty alleviation between 2013 and 2017, given that poverty rates reduced by only 0.8% giving a new rate of 23.4% (Ghana Statistical Service, 2018). Additionally, based on the same statistics, the nation's

population is estimated at 29 million, with about 7 million people living below the poverty track and an extensive regional disparity characterized by rural urban inequality.

It is urgently necessary for Ghana to reduce its poverty level, in order to meet up with its aspirations to achieve high middle-income status. International financial institutions such as the International Monetary Fund (IMF), the World Bank, and African Development Bank (AfDB) have persistently been speeding up Ghana's development program in the financial sector in order to invite foreign aid as a measure to stamp out poverty (Frimpong, 2020). At the national level, the Bank of Ghana (Central Bank of Ghana), alongside microfinance institutions have been determined to provide a steady and conducive environment for the financial sector to prosper.

Regardless of the efforts put in place by the Central Bank of Ghana and the progressive trends in economic growth, the level of inequality has risen with differences between, and within regions as well as between urban and rural areas. About one out of ten people still lives in abject poverty while the poorest and most vulnerable are people living with pre-existing medical conditions (HIV/AIDS and TB patients, as well as people living STDs), smallholder farmers, people living with disabilities, and the unemployed (UNICEF, 2021). Smallholder farmers are particularly the hardest hit because they have limited access to protein enriching food, which leaves them with limited diet variations; meanwhile they produce enough tubers and cereals for household consumption. The poor households have limited resources and are unable to afford basic health services or practice proper hygiene and sanitation, which tend to make them susceptible to more risks of poverty and deprivation, which may likely be passed onto the next generation. This can further affect their growth and development, which may hinder their education and hence future productivity.

Moreover, poverty in Ghana also broadens the inequality gap and children bear the greatest brunt. A study by the United Nations International Children's Emergency Fund (UNICEF) suggests that children in Ghana are 40% more vulnerable to poverty than adults

and about 3.65 million of them live in poverty while 1.2 million of them live in abject poverty because they have limited resources to take care of their basic food needs (UNICEF, 2021a).

Microfinance concept is not new to Ghana given that its people have habitually saved with groups/individuals and obtained loans from these groups/ individuals in the context of self-help to startup businesses or invest in agriculture. (2008) studied the origin and evolution of microfinance in Ghana and realized that microfinance became renowned in the 1950s through the supply of subsidies until the promulgation of the Provisional

A most recent study by Addae-Korankye, (2020) explained that MFIs in Ghana have been reduced from 347 to just 137 because the Bank of Ghana (Central Bank of Ghana) revoked their licenses due to collapse or non-compliance with the laws and regulations in place. This reduction has helped to cleaned microfinance sector of incompetent and deceitful providers. As a result, MFIs will instill more confidence in their clients.

Furthermore, the poor need social protection in order to fit well in society. This explains why the concept of social protection has gained impetus in recent times overlapping with important elements of the Sustainable Development Goals (SDGs) 2030 agenda as it contributes substantially to poverty reduction (Goal 1), human development and an inclusive economic growth (Goal 8) and social cohesion (Goal 16) (OECD (2019). Social protection comprises private and public initiatives intended to help everyone across the life cycle to protect themselves against socio-economic risks and vulnerabilities while ensuring sustainable livelihoods (Shareweb, 2020a). In essence, a well-constructed social protection system guarantees that minimum income and important services are accessible and equitable for the poor and vulnerable, thus, ensuring respect for their dignity and enabling them to cope with adversities or shocks (OECD, 2019). Besides their attachment to the SDGs, social protection systems are likely to yield their maximum potential if they are deeply rooted in human rights law. This is because under international human rights law, states are authorized to establish social protection systems, which help to empower

rights holders particularly the most marginalized to partake in policy making while holding duty bearers accountable for their acts (UNRISD, 2016).

The expansion of social protection programmes has been a serious challenge for developing countries owing to their inadequate institutionalization (Bender et al., 2013). Yet, Ghana has been a success story where the Ministry of Gender, Children and Social Protection through its Livelihood Empowerment Against Poverty Programme (LEAP) introduced in 2008 a poverty reduction strategy to help households in extreme poverty and children below 21 years old (OECD, 2019). It is a National Protection Strategy meant to provide basic human needs to keep the most vulnerable out of poverty (The Republic of Ghana, 2015). It began as a support program for orphaned and vulnerable children (OVC), people with severe disabilities who lack productive capability, and the aged (65 and older). LEAP's medium-term goal is to broaden its beneficiary criterion to include the impoverished in general.

Even though LEAP tackles poverty in its entirety, not all the extremely poor Ghanaians are eligible to benefit from its programme as only households with members that fall within certain social criteria can receive the benefits (The Republic of Ghana, 2018). This explains why poverty remains multidimensional (economic, human or social, protective, political socio-cultural, psychological and even institutional) (ATD Fourth World and Oxford University, 2019; Shareweb, 2020) and requires a multi-criteria approach to deal with its adverse effects. The present study therefore seeks to assess the impacts of microfinance institutions on poverty alleviation in Adentan municipality in Greater Accra, Ghana.

1.2. Statement of the Problem

Poverty varies between and within countries, as indicated by the global Multidimensional Poverty Index (MPI) inequality from the global to household levels, which includes the regional, national and subnational levels (Oxford Poverty & Human Development

Initiative, 2019). Case by case analysis of poverty gives a new understanding of the poverty situation and offers a better picture than that indicated by the global threshold. Multiple scholarly researches have been carried out on the role microfinance institutions and poverty reduction in Ghana as a whole as well as in regions but the results produced are often conflicting or inconsistent with one another, showing the particularity of each of the 16 regions and 260 metropolitan, district assemblies or municipalities. This explains why the case of Adentan municipality in Greater Accra, Ghana is unique and demands an independent investigation.

To start with, poverty is a reality in Adentan municipality. It is multidimensional (socially, economically, culturally, institutionally, psychologically and more). It manifests itself in varied forms (deprivation, income inequality, disempowerment, physically, mentally, emotionally, and marginalization). Malaria and Tuberculosis (TB), adolescent girls who may possibly become single parents, commercial sex worker/single mothers, the elderly (65+ years), the physically challenged, drug addicts and smallholder farmers (GOVERNMENT OF GHANA (2012). This group of humans constitutes part of the majority poor people in the municipality and vulnerability may wear away their resilience faced with the adverse effects of poverty.

Furthermore, the municipality is prone to natural and anthropogenic risks or shocks that make people vulnerable to poverty. For example, it is located within an average altitude of 58 meters above sea level making it more exposed to natural risks like floods. The most affected areas are Aben Link, Aben Woha, Commandos, Japan Motors and New Legon, which are located around the Nugbete River. These are mostly communities characterized by poor road networks and poor drainage systems. As for human induced risks, many clandestine structures/slums exist in the municipality especially in places like Adjiringanor, Ashiyie, Approtech and Adentan village, which are characterized by overcrowding, squatters, single parenthood, unemployment and low-income earners thus, making it a favorable ground for cohabitation, teenage pregnancy and robbery.

Majority of communities in the municipality lack basic social facilities like public healthcare units, electricity and portable water, coupled with poor hygiene and sanitation, which further aggravate their vulnerability to poverty. In addition, Adentan also suffers from common economic shocks resulting from world market price fluctuations and unfavorable national economic policies, which are usually unfavorable for the most vulnerable people due to increased food prices and high cost of living.

Moreover, real estate business has resulted in the sale of land for infrastructural development leaving many subsistence farmers unemployed in the municipality. These farmers are extremely vulnerable with respect to land use rights, given that they are the most deprived in the face of this developmental trend. In addition to this land deprivation, existing landholdings per farmer are becoming smaller, thus encouraging intensive agriculture, which is mainly capital intensive and small-scale farmers cannot afford due to their low purchasing power.

High incidence of child labor is highly common in the municipality, and it is primarily attributed to parental negligence. Most of these children function as domestic workers in private households, hawkers in retail/wholesale shops, and laborers in factories. According to the population and housing census carried out in 2000, about one tenth of children between 7-14 years constituted part of the labor force, which was in discordance with the national rate of 19% (GOVERNMENT OF GHANA (2012)). This trend has witnessed a 2% yearly increase. HIV/AIDS pandemic has created a high proportion of orphans who are regularly exposed to emotional, physical and verbal abuse. In addition, the municipality harbors persons with varied conditions of disabilities. These include among other persons with physical or mental disabilities as well as a high proportion of illiteracy. This group of persons constitutes an integral part of the unemployed and dependent population and are vulnerable to poverty in all its forms.

In terms of financial institutions, few of them abound in the municipality and they all fall under the microfinance category. Typical examples include the national investment bank

(NIB), Prudential Bank (PB), Ghana Commercial Bank (GCB) and Aped. They are the main MFIs that provide financial services to eligible customers.

Worse of all, despite the perilous situation of these vulnerable people in the face of poverty in Adentan municipality of Accra, Ghana, there has been no attempt to document and promote poverty reduction options which are tailored towards addressing the plight of the poor from a scholarly perspective. This has seriously worsened the already vulnerable situation of the poor leaving them with no choice than to face the consequences. Documenting and promoting the role played by MFIs in poverty alleviation is vital in order to salvage the situation of these vulnerable people and to set the pace for further research that can go a long way to enhance science and improve human life. It is therefore within this backdrop that the present study seeks to document the role-played by MFIs in poverty alleviation. Based on the problems cited above, this study sought to provide responses to the following questions.

1.3. Research Questions

- Do income diversification options have an impact on poverty management among individuals in the Adenta Municipality?
- Do loans from microfinance have a positive impact on the financial well being of individuals in the Adenta Municipality?
- Do individuals of the Adenta Municipality rely on financial institutions for poverty alleviation?

1.4. Aim And Objectives

1.4.1. Aim

- The overall aim of this thesis is to assess the role that microfinance institutions play in reducing poverty in the Adentan Municipality of Accra, Ghana.

1.4.2. Objectives

1. To identify the causes of populations' vulnerability to poverty in Adentan Municipality
2. To assess the different adaptation options put in place by the local population to alleviate poverty
3. To determine whether loans from Microfinance institutions have helped in poverty alleviation in Adentan municipality

1.5. Research Hypothesis

- H_0 : Adentan local population to cope with poverty with no adaptation options
- H_1 : Adentan local population to cope with poverty with adaptation options
- H_0 : Microfinance institutions do not play a major role in meeting basic needs
- H_2 : Microfinance institutions play a major role in meeting basic needs
- H_0 Microfinance institutions do not play a major role in meeting living standards
- H_3 Microfinance institutions play a major role in meeting living standards
- H_0 : Microfinance institutions has no major link with usage of microfinance
- H_4 : Microfinance institutions has a major link with usage of microfinance

1.6. Importance Of the Study

The rationale of this thesis will be structured into scientific, practical and theoretical importance. For the scientific contribution, this study will be the first of its kind to be conducted in the Adentan municipality of Greater Region in Ghana. Therefore, by virtue of its originality, it contributes significantly to the enhancement of science

From the practical standpoint, children from low income and broken homes, people living with pre-existing medical conditions like HIV/AIDS, malaria and Tuberculosis (TB), adolescent girls who may possibly become single parents, commercial sex worker/single mothers, the elderly (65+ years), the physically challenged, drug addicts and smallholder farmers are the most vulnerable to poverty in Adentan municipality. This study will document sound adaptation options or measures, which if encouraged and applied can help in enhancing the adaptive capacity of these vulnerable people.

Lastly, this study will add theoretical knowledge to existing literature which if practically implemented in other regions Ghana will go a long way toward improving the adaptive ability of the most vulnerable people.

1.7. Structure Of the Thesis

This study contains five chapters. Chapter 1 is the introduction, which contains the background of the study, statement of the problem, research questions, objective, hypothesis, methodology, importance of the study and the thesis structure. Chapter 2 consists of the literature review, encompassing the relevant theoretical and empirical studies related with poverty and MFIs. Chapter 3 is the methodology, which contains the study area, the study design and survey, data analysis, importance of the study and the thesis structure. Chapter 4 showcases the study results and discussion, such as results from adaptation options implemented by the poor to cope with poverty and the role played by microfinance institutions in alleviating poverty in Adentan municipality. Chapter 5

contains the conclusion, perspectives for further studies and policy implications of the research.

CHAPTER TWO

LITERATURE REVIEW

2.1. Theoretical Framework on Microfinance and Poverty Alleviation

The proliferation of microfinance has continually attracted global attention, particularly in middle and low-income countries as well as emerging economies. This is due to its assurance to help alleviate poverty, especially among the vulnerable people who are battling their way out of poverty and lack the financial means to cater for their basic needs. However, microfinance aptitude to alleviate poverty is highly debated because many stakeholders (clients, practitioners, donors and governments) are skeptical and are yet to understand the positive impacts of microfinance on poverty alleviation.

To set the pace for this debate, the theory of ‘positive change’ in microfinance supposed that a borrower is required to engage in revenue-producing activities either by “high marginal credit cost or by lack of capital” (Garikipati, 2017). By engaging in such lucrative activities, they would have access to controlled capital, which would relax their restrictions and permit them to maximize gains, increase income and welfare (Duvendack, 2011). The theory of positive change is undeniably reinforced by proofs proposing that microfinance is indeed productive and beneficial to its customers (Khandker, 2005; Rosenberg, 2010; Imai and Azam, 2012). The negative change theory on its part highlights a completely different relation in the sense that microbusinesses established in family buildings may benefit from their children’s labor (Wydick, 1999, Hoque, 2005; Nghiem et al., 2012). Based on both theories, it is undoubtedly clear that the impacts of microfinance on poverty alleviation across the globe is mixed.

Preceding evidence-based studies on the role of financial development on poverty reduction produced contestable and inconsistent outcomes across countries, data and methods. For example, Dilawar et al., (2012); Inoue & Hamori, (2012) and Chemli (2014) discovered a link between financial development and poverty reduction. Nevertheless, Ho

and Odhiambo (2011) and Uddin et al., (2014) reported a bidirectional causal relationship between financial development and poverty reduction. Even though, mainstream of these studies found a positive link between the financial system and poverty (Dhrifi, 2014; Shahbazet et al., 2015), others concluded that financial sector development is causing an increase in poverty levels. Concerning Sub Saharan African (SSA) countries, empirical studies revealed a positive link between the financial system and poverty alleviation in South Africa (Odhiambo, 2009), Kenya (Odhiambo, 2010). However, Aye (2013) found a link between the financial system and poverty reduction in Nigeria, but Dauda & Makinde (2014) did not.

This debate is supported by recent systematic reviews that summarizes prevailing literature on the role played by microfinance institutions on poverty alleviation (Duvendack et al., 2011; van Rooyen et al., 2012; Vaessen et al., 2013; Awaworyi, 2014). The insinuations retained from these studies simply imply that there is not clear impact of microenterprise on incomes and profits as well as on poverty. In conclusion, Rooyen et al. (2012) argue that, while microfinance may improve the degree of economic activity carried out by the poor, it is accompanied by lower income in the end after being a microfinance borrower for a long period.

This indicates that the high interest rates charged by microfinance negatively impact the poor's predicted profits and income. In the same way, Awaworyi (2014) found significant and positive effects of microfinance on assets, but the effect is frail and therefore has a minute concrete economic importance. Disturbingly, Awaworyi's proof also signals negative impacts on income generation, indicating the adverse impacts of high interest rates imposed on the poor by microfinance institutions (MFIs). These summaries seem helpful in revealing the diverseness in recounted results on the role or impacts of microfinance interventions. Duvendack et al., (2011) exemplified this by stating that varied effects on socioeconomic outcomes can be explained repeatedly by characteristics related with microfinance projects. Lastly, some of the heterogeneities in finding related

to microfinance impacts on poverty may also result from impact assessment methodologies (Kabeer, 2005).

Instead of trying to summarize evidence-based literature related with MFIs and poverty alleviation in order to draw a rich and paucity conclusion this study will dwell on the evidence surrounding the impacts of microfinance on poverty alleviation in Adentan municipality in Ghana.

2.2. Empirical Literature on Microfinance and Poverty Alleviation

To explore the link between microfinance and poverty reduction, a variety of evidence-based approaches based on real-world data have been used. Microfinance has long been acknowledged as a development strategy that might assist the disadvantaged in improving their economic performance, particularly in developing nations where the government is working hard to reduce poverty. Poverty reduction through microfinance loans is one of these approaches. investigated the impact of microfinance in poverty alleviation, notably in Nigeria's South-West Zone. The authors used descriptive statistics to analyze data acquired through a survey questionnaire in the research region and found that microfinance loans had a substantial influence on the loan beneficiaries in the study area, resulting in poverty reduction. The model yielded 80% accuracy and a χ^2 of 558.9 with 8 degrees of freedom.

(Awan et al., 2015) assessed the role of microfinance in poverty reduction and its impact on household poverty levels in Pakistan using the binary logit and ordered logit models. The information comes from a household survey in the rural and urban areas of Pakistan's district Lodhran. Gender, marital status, chronic conditions, purpose of loans, number of loans taken, loan amount, Livestock, Monthly savings, and total number of household members are shown to have a substantial influence on poverty, whereas transportation, years of schooling, and land ownership are found to have small impacts. The authors

calculated poverty levels using the World Bank's poverty line of \$ 1.25 (Rs.3750) per capita per adult monthly income and expenditure. According to the figures, 137 families (62.3 percent) are poor, while 83 are over the poverty line. Furthermore, the data indicated that 169 households (76.8 percent of the whole sample) have a good living standard, 20 houses (9.1 percent) have a high living standard, and 31 families (14.1 percent) have a very bad living standard.

Micro/small financial services such as credit, insurance, money transfer, and other such services must be made available to individuals in order to engage them actively in economic activities. Over the years, governments around the world, most notably in Nigeria, have tried and failed to reduce poverty. (Taiwo et al., 2016) investigated how microfinance schemes impact credit distribution among the working poor; it collected data from a field survey and reported it using tables, frequency counts, and cross-tabulations to draw conclusions; and it defined and estimated a loan demand model using the Ordinary Least Squares econometric approach.

The research was based on cross-sectional data collected from a small sample of individuals in several communities in Nigeria's Lagos and Ogun states. The bulk of microfinance banks in Nigeria are designed after the Grameen Bank, which targets the poor and people with little or no education and discovers that loan demand is unaffected by interest rates. According to the authors, microfinance institutions should develop acceptable items that are flexible enough to meet the needs of the poor in both production and consumption. Furthermore, governments (local, state, and federal) should solve infrastructure deficiencies such as power, water, and an efficient transportation system, which have a substantial impact on people's living conditions.

(Samer et al., 2015) investigated the influence of Malaysian microfinance Amanah Ikhtiar Malaysia (AIM) on family income using the outcomes of an interview with 780 old and new clients in the Malaysian states of Selangor and Melaka. AIM has a positive effect on the household income of women borrowers who have been in the program for three years,

according to multinomial logistic analysis, as compared to new borrowers who have not received treatment (Odd ratio 3.3). The logistic model gave 61 percent accurate predictions, much over the 43.47 percent chance accuracy criterion, and the odd ratio was 3.3.

(Yasmeen Sultana & Abdul Jamal, n.d.) compared the role of microfinance in empowering Muslim and non-Muslim women, as well as a comparison between members of SHGs and non-members, in order to acquire a better understanding of how SHGs function. The size of the loan received, loan recovery, and loan term were used to assess the idea of microfinance, and economic, social, and knowledge empowerment were used to analyze the empowerment. A logistic regression model was used to tabulate the findings. In terms of the characteristics discussed, a considerable difference has been seen between Muslim and non-Muslim respondents (p value less than 0.010), which might be attributed to a variety of factors influencing the populations in terms of socioeconomic, religious, and cultural inhibitions. In addition, the respondents stated that joining SHGs has enabled them to stabilize their income and livelihoods.

(Arp et al., 2016) examined current and previous borrowing from formal and informal sources, encouraging participants to draw comparisons, and assessed findings from two studies in Indonesia that help explain why money lending can flourish when low-interest microfinance is widely accessible and why the poorest borrowers profit less than the less-poor. According to the authors, the importance of critical features of informal lending to borrowers is unappreciated, and insufficient human resource management and informal intermediation are significant challenges.

2.3. Conceptual Framework for Poverty, Poverty Alleviation and Microfinance

Poverty has been a threat and a trial to humankind from time immemorial. It is complex and manifest in multiple ways i.e., direct and indirect as well as social, economic, political, environmental and psychological (Danaan, 2018). Kasali et al., (2015) defined poverty as deprivation of people from life's basic needs. These researchers likened poverty to a situation where one is unable to secure a job to earn a living and as a result, he is unable to afford daily needs such as food, hospital bills, good shelter and fees for education. It has a multiplier effect since it affects health access, life expectancy, education, security and relationships and more (Danaan, 2018). This explains why the conceptualization of poverty has evolved over time owing to its shifting perceptions in diverse settings. Some researchers related it to the concept of social exclusion and connote it as an approaching phenomenon that affects both developed and less developed countries (Bhalla & Lapeyre, 2016). For instance, Room (2016), analyzed the novel poverty among European communities and found that it also exists in more developed societies. Meanwhile, poverty remains a contentious issue throughout Africa and has been associated with the phenomenon of climate variability and change (CVC) (Awazi et al., 2020), social protection (Barrientos & Hulme, 2016) and gender inequality (Shah, 2016).

Other researchers analyze poverty according to its multiple dimensions. Such is the case of Kasali et al., (2015) who classified poverty into inequality and education dimensions. Inequality signifies differences in income, employment openings, and disparity between rural and urban population, as well as variations in asset possession. This happens due to misappropriation of public assets and inappropriate capital and human resources, which implies that large portions of resources are held in few hands, leaving the majority of the population to bear the brunt of abject poverty. As a result, they are left with little or no income to guarantee adequate food supply, quality education, and healthcare as well as other basic needs (Smith, 2010; Abdel-Baki, 2012; Kasali et al., 2015).

Education on its part is regarded as an essential pillar of economic growth and development because it helps people, especially the poor, to be conscious of opportunities that can be exploited to gain entrepreneurial skills. Studies have proven that literacy rate is one of the determining factors for microcredit considerations (Odhiambo, 2010; Abdel-Baki, 2012). This is an indication that education is a key ingredient for human capacity building. According to the present study poverty is seen as a state of deficiency or absence of basic needs including income, which comes as a result of multiple factors, directly or indirectly as well as spatial or temporal scales.

Poverty is global and needs a global solution. That is why governments and other national and international bodies are fighting to reduce its adverse effects through poverty alleviation schemes. The main goal of poverty alleviation is to remove the poor out of poverty in all its forms by building their humanitarian and economic capacities and to increase the living standards of those who are already suffering from its adverse effects (Kumari, 2020).

One of the ways to alleviate poverty is to increase income levels of the poor. This can be achieved through microcredit services, which provides them with financial aid that can permit them to invest in income producing activities that can further help them to generate income to invest in small-scale businesses especially those in rural agricultural zones (Kumari, 2020). Microfinance is a critical instrument for meeting the financial issues of poor farmers living in these zones (Ali & Alemu, 2019; Kumari, 2019). In recent times, microfinance has been used as an important instrument to empower the poor especially those sub-Saharan African countries. This study will focus on the role of microfinance institutions on poverty alleviation in Adentan municipality of Ghana.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. The Study Area

This study was conducted in Ghana's Adentan Municipality, in the Greater Accra region. It is located between latitude 5° 43' north of the equator and longitude 0° 09' west of the Greenwich Meantime (GMT) (Møller-Jensen et al., 2020). It has an average altitude of 58 meters above sea level (Worldwide Elevation Map Finder, 2021) and lies 10km to the Northeast of Accra Central and has a total population of 78,215 (50.3% male and 49.7% female) with a surface area of 92.84km² giving a density of about 842pers/km² (Ghana Statistical Service, 2014). Based on the same statistics, 62.5% of the population lives in urban centers while 37.5% resides in the countryside or rural areas.

The municipality lies south of the Akuapem Range, on its windward slope and has a gentle topography characterized by lowlands with undulating landscapes which rarely rises to 60 meters above sea level. It equally lies in the coastal savannah zone of Ghana with a dry equatorial climate made up of two distinct seasons (rainy and dry seasons). The rainy season is further divided into two. The first one starts from April to July characterized by yearly mean temperatures of between 25°C – 30°C while the second starts from September to November with annual average temperatures of between 34°C - 40°C. Annual average rainfall ranges between 730mm – 790mm per year while the bimodal rainfall pattern favors agricultural activities all year round, although it also exposes the municipality to flood risks. The dry season on the other hand starts from December to March.

The rainfall pattern and the undulating terrain have a great influence on the vegetation cover of the municipality. Adentan is covered by savanna grassland and scattered trees in the southern part and savannah semi-rainforest with deciduous trees in the northern part. However, the overall vegetation cover of the municipality has been altered by continuous anthropogenic activities converting some areas into grassland and others into bare soils or

barren land. The combined effects of climate and vegetation cover have created a favorable ground for small-scale animal rearing in the municipality.

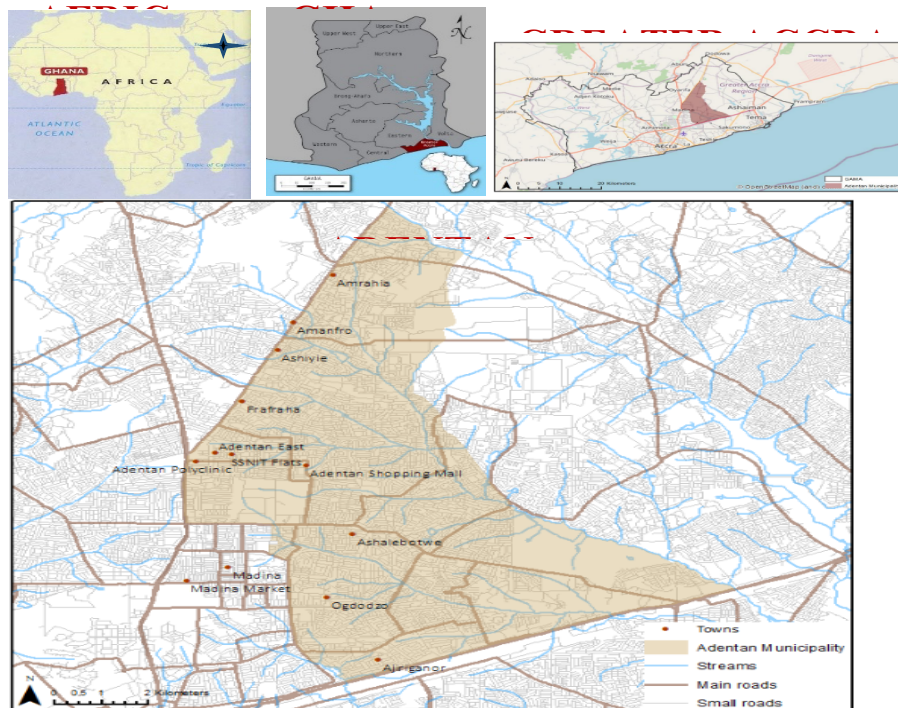


Figure 3.2. Location Of the Study Area

Source: Møller-Jensen et al., (2020)

3.2. Method, Sample Frame, Study Population and Sample Size

The study will make use of a mixed research methodology (qualitative and quantitative) to collect and analyse data and it will depend entirely on primary data, which will be collected through surveys. It will follow a multi-phase sampling procedure to lay out the survey. Multi-phase sampling is an expansion of two-phase sampling, otherwise called double sampling. It was introduced to estimate variables at a preferred level of accuracy for a particular fixed survey cost and in situations where little or no information exists about the population element (Lesser, 2014). Multiple scholars (Temesgen et al., 2014; Atinkut & Mebrat, 2016; Awazi et al., 2019) have followed this sampling procedure.

Phase one, which involves selection of studied sites is done purposefully because of the high degree of vulnerability of certain population groups to poverty. Adentan Municipal Assembly Medium-Term Development Plan (2010-2013) insinuates that the most vulnerable group of people in the municipality are prone to poverty in all its forms and vulnerability may likely ruin away the resilience when challenged by poverty (GOVERNMENT OF GHANA, 2012). In the second phase, the municipality will be partitioned into four quadrats following the different municipal zones (administrative units) in order to obtain a relational representation of households across the municipality. From this municipal zoning, subgroups within each unit will be identified and the population will be randomly surveyed to get their views on the subject matter as earlier followed by Twum et al., (2020). Therefore, stratified random sampling techniques will be used. In a random survey, the rule of thumb remains that at least 30 households should be surveyed (Bhandari, 2009). Based on this threshold, a minimum of 30 households will be randomly surveyed. Sample size for the five communities is 389

The sample respondents for the survey are obtained using the 2010 population and housing data for the municipality where the population was 78, 215 (Ghana Statistical Service, 2014) while the sample size is calculated using Taherdoost's (2017) formula as shown in equation 1.

$$n = \frac{p(100 - p)z^2}{E^2}$$

n is the desired sample size, p is the percentage occurrence of a state or condition, E is the percentage maximum error required, z is the value corresponding to level of confidence required

3.3. Study Design and Survey

This study used a semi-structured questionnaire made up of open ended, close ended and Likert questions to obtain the required data for each of the specific objectives. The first part of the questionnaire dwelled on the socio-economic and demographic features of the sampled population like age, sex, education, marital status, household size, occupation, annual income, dependency ratio and business ownership and experience. The second part looked at the adaptation options taken by the poor, to reduce vulnerability to poverty. The third part focused on the role of MFIs in alleviating poverty in Adentan Municipality.

The survey questionnaire was thoroughly tested with respondents from outside the sample frame within the Municipality to boost the study's credibility. This pre testing was done to see how the household would perceive and respond to questions. The responses went a long way to help us refine and restructure the question to help it achieve its target. It was then submitted to the European University of Lefke (EUL) ethical committee for assessment and finally approved after three weeks. The survey was mainly conducted via online platforms. 398 questionnaires were retrieved.

3.4. Identifying Adaptation Options Implemented by the Poor to Cope with Poverty in Adentan Municipality

A huge number of studies use a wide range of data collection methods to identify adaptation option put forward by the poor to cope with the nefarious effects of poverty. This study on its part used household survey to ask if respondents took any measures meant to reduce their vulnerability to extreme poverty events or if they took any measures to adapt to the nefarious effects of poverty and their responses will take the forms “Yes” or “No” Several scholars have used similar data collection approaches across Africa to carry out related studies (Kuwornu et al., 2013; Taruvinga et al., 2016; Atinkut and Mebrat, 2016).

3.4.1. Assessing The Role or Effectiveness of MFIS In Reducing Poverty in Adentan Municipality

A bulk of scholarship has assessed the effectiveness of MFIs in reducing poverty across different parts of the world. The present study will use household surveys to assess the hypothesized effectiveness of MFIs in alleviating poverty in Adentan municipality. Respondents will be asked to give the name of MFI they know, or they are registered with. Furthermore, they will be asked if MFIs have helped them to (1) Take care of their basic needs, (2) Improve their living standards, (3) Self-finance existing business/new projects. It will also be of help to know (4) Whether microfinance loans are productive or unproductive in Adentan municipality. Responses pertaining to the role of MFIs will be presented in a five-point Likert scale ranging from (1) Strongly disagree, (2) Disagree, (3) Neutral, (4) Agree to (5) Strongly agree. A similar data collection method has been adopted by studies in developing countries of Africa and Asia (Odoom et al., 2019; Ullah et al., 2020).

3.5. Data Analysis

Data obtained from household surveys were coded in Microsoft Excel 2016 and exported to Statistical Package for Social Sciences (SPSS) version 26 for descriptive and inferential statistical analysis. Households identified adaptation measures in reducing vulnerability to poverty were analysed using descriptive statistics. The results were presented in the form of frequency tables, percentages, as well as graphs and charts

In order to assess the role or effectiveness of MFIs in alleviating poverty in Adentan Municipality, microfinance (MI) served as the independent variable while basic needs (BN), living standards (LS) utilization of microfinance (UM) were the dependent variables, that enabled us to clearly identify the relationship between MFIs and poverty alleviation. To determine the suitability of our data for factor analysis, we measured our

sample data for adequacy by employing the Kaiser-Meyer-Olkin (KMO) test. This test measures the adequacy of sample data for each variable in the model as well as for the entire model.

The reliability of the analysis technique is established by determining Cronbach's alpha for the four variables. A crosstab analysis is used to identify the relationship between the dependent and proposed explanatory factors, as well as the pattern of findings from respondents based on demographic and socioeconomic information. Finally, linear regression analysis is used to test the hypotheses relating to each of the dependent variables in order to demonstrate the impact as well as the significance level of the proposed explanatory variable on each dependent variable. The following three distinct linear regression models are conducted.

First Model

$$BN = \beta_0 + \beta_1(MFI)$$

This equation is expanded for analysis as follows.

$$Basic\ Needs = \beta_0 + \beta_1(MFI1) + \beta_2(MFI2) + \beta_3(MFI3) + \beta_4(MFI4) + \beta_5(MFI5)$$

Second Model

$$LS = \beta_0 + \beta_1(MFI)$$

This equation is expanded for analysis as follows.

$$Living\ Standard = \beta_0 + \beta_1(MFI1) + \beta_2(MFI2) + \beta_3(MFI3) + \beta_4(MFI4) + \beta_5(MFI5)$$

Third Model

$$UM = \beta_0 + \beta_1(MFI)$$

This equation is expanded for analysis as follows.

$$Usage\ of\ Microfinance = \beta_0 + \beta_1(MFI1) + \beta_2(MFI2) + \beta_3(MFI3) + \beta_4(MFI4) + \beta_5(MFI5)$$

Where:

BN represents Basic needs

LS represents Living Standards

UM represents Usage of Microfinance

Question 16 is represented by MFI1 (see [Appendix 1](#)).

Question 17 is represented by MFI2 (see [Appendix 1](#))

Question 18 is represented by MFI3 (see [Appendix 1](#)).

Question 19 is represented by MFI4 (see [Appendix 1](#)).

Question 20 is represented by MFI5 (see [Appendix 1](#)).

B represents the intercepts

CHAPTER FOUR

RESULTS

This chapter presents the various demographic characteristics of respondents, different adaptation options applied by the local population to cope with poverty, and highlights to what extent loans from microfinance institutions have helped in alleviating poverty in Adentan municipality.

4.1. Demographic Characteristics of The Studied Population

Three hundred and ninety-eight (398) individuals responded to our questionnaire; including 221 men (55.5%) and 176 women representing (44.2%). Concerning age groups, 171 respondents were aged 18 – 25 years (43% of the total), 103 respondents aged 26 – 35 (25.9% of the total), 53 aged 36 – 45 years (13.3% of the total), 29 aged 46 – 55 years (7.3% of the total), 8 aged 56 – 65 years (2.0% of the total), and 3 aged more than 65 years (0.8% of the total).

For marital status, 219 respondents were single (55.0% of the total), 120 were married (30.2% of the total), 26 were divorced (6.5% of the total), 12 were widow/widowed (3.0% of the total), 11 were separated (2.8% of the total). Concerning the respondent's education level, 13 of the respondents have not completed any school level (3.3% of the total), 15 completed primary school (3.8% of the total), 45 completed secondary school (11.3% of the total), 37 completed high school (9.3% of the total), 20 had an associate degree (5.0% of the total), 181 had a bachelor degree (45.5% of the total), 48 completed a Master degree (12.1% of the total), and 35 completed a PhD (8.8% of the total). Confer Table 4.1

Table 4.1. Demographic Characteristic of The Studied Population

Demographic Characteristics		Frequency	Percent (%)
Age	18 - 25	171	43.0
	26 - 35	103	25.9
	36 - 45	53	13.3
	46 - 55	29	7.3
	56 - 65	8	2.0
	> 65	3	0.8
Gender	Male	221	55.5
	Female	176	44.2
Marital Status	Single	219	55.0
	Married	120	30.2
	Divorced	26	6.5
	Widow / Widowed	12	3.0
	Separated	11	2.8
Education	No school completed	13	3.3
	Primary School	15	3.8
	Secondary School	45	11.3
	High School	37	9.3
	Associate degree	20	5.0
	Bachelor	181	45.5
	Master	48	12.1
	PhD	35	8.8

Frequencies and percentages of the demographic characteristics (Age, Gender, Marital status, Education level) of the studied population. The next section focuses on different adaptation options applied by local population to cope with poverty

4.2. Adaptation Options Implemented by The Local Population to Cope with Poverty in Adentan Municipality.

4.2.1. General Adaptation Option Applied by Local Population

Seven (7)-poverty adaptation methods were provided in our questionnaire: Business implementation, join fundraising group, income diversification, food management, street hawking, farm improvement, and social protection allowance. From the frequency distribution, income diversification option has the highest frequency of positive responses (317), and join fundraising group method the lowest frequency of positive responses (19); corresponding respectively to 16.70% and 10.43% of the overall positive responses. Between these values, food management method was the second chosen adaptation (299 positives responses; 15.75% of the total) followed by business implementation (286 positives responses; 15.07% of the total), farm improvement (279 positives responses; 14.70% of the total), social protection allowance (263 positives responses; 13.86% of the total), and street hawking (256 positives responses; 13.49 positives responses). An illustration of these can be found in Figures 4.1 and 4.2.

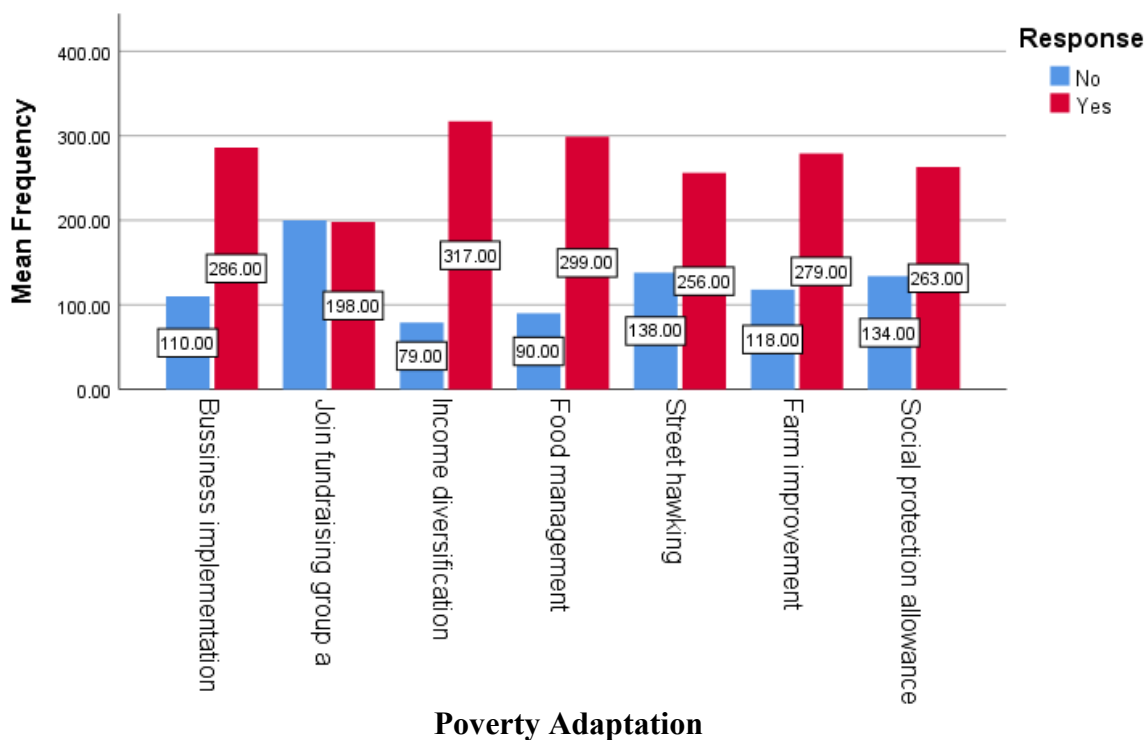


Figure 4.1 Distribution of poverty adaptation options by response

The bar chart above presents the frequency of response to poverty adaptation methods in the study questionnaire. The X-axis represents different poverty adaptation options, and the Y-axis shows the frequency of response to each option. There were two possibilities of response; whether the respondent accepted (Yes response) or refused (No response) to use the proposed method to cope with poverty. The red color represents the clustered Yes response, and the blue color represents the clustered No response.

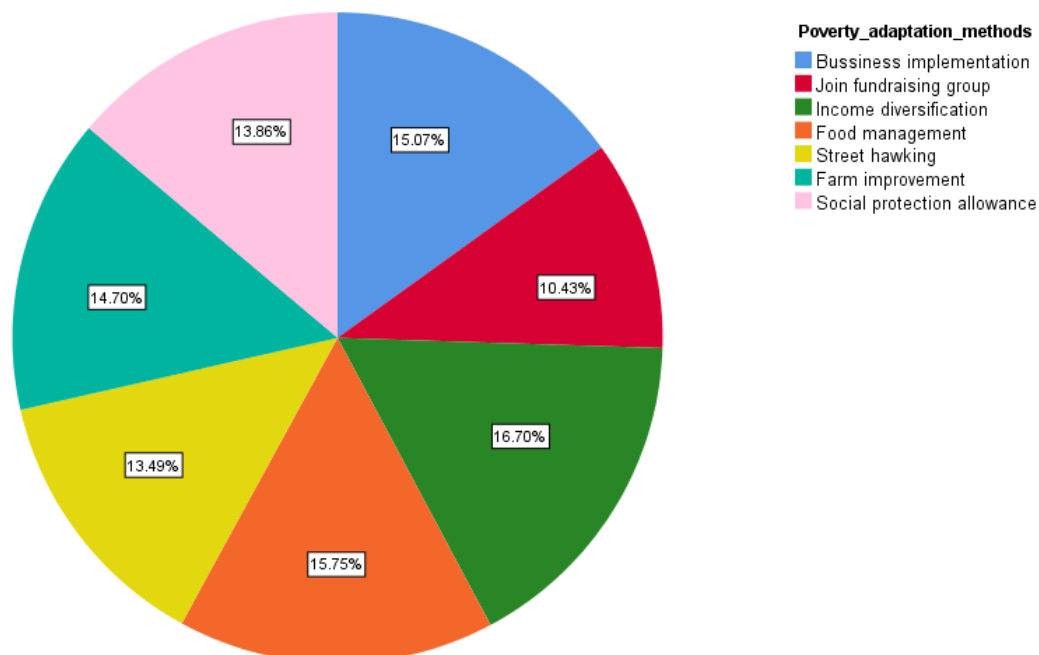


Figure 4.2. Percentage Frequencies of Poverty Adaptation Methods

The pie chart represents the percentages of the chosen poverty adaptation methods by the population of Adentan municipality. The methods are highlighted by different colors. Blue (business implementation), dark red (joining fundraising group), green (income diversification), orange (food management), yellow (street hawking), light green (farm improvement), and pink (social protection allowance). Income diversification (green) has the highest percentage frequency (16.70%) while joining a fundraising group has the least percentage frequency (10.43%).

4.2.2. Poverty Adaptation Methods by Gender

Based on both genders, income diversification was found to be the most frequently used adaptation option with a male to female implementation of 179:137 respectively while joining a fundraising group was the least frequently used adaptation option with a male to female implementation of 115:82 respectively. However, the second most frequently used adaptation option for both genders differed. For instance, the second most frequently used adaptation option implemented by the female gender was food management (137),

followed by business implementation (123), farm improvement (119), street hawking (112) and social protection allowance (104). In male, both food management and business implementation options had the same frequency (167), as well as social protection allowance and farm improvement options (158) as illustrated in Figure 4.3.

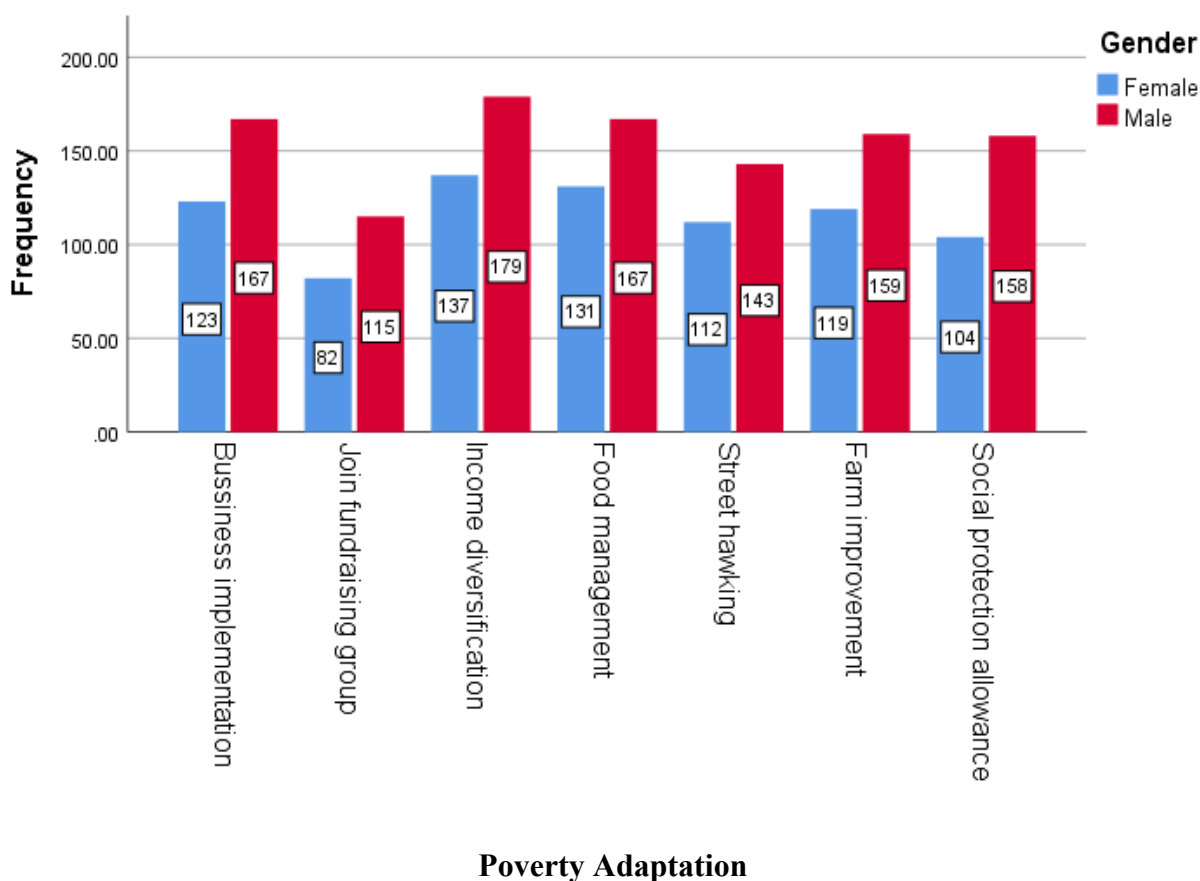


Figure 4.3. Poverty Adaptation Methods by Gender

The figure illustrates the methods used by respondents to adapt to poverty according to gender. The X-axis carries the various poverty adaptation methods, and the Y-axis represents the frequency of each adaptation method. Gender is distinguished by colors; blue for female, and red for male.

4.2.3. Poverty Adaptation Methods by Education Level

According to the education level, respondents selected income diversification as the most suitable adaptation option while joining a fundraising group was the least adaptation method as shown in Figure 4.4. However, respondents with a PhD and those with an associate degree selected business implementation as the most suitable adaptation method for poverty alleviation, while those who did not complete any schooling selected social protection allowance as their best poverty adaptation option.

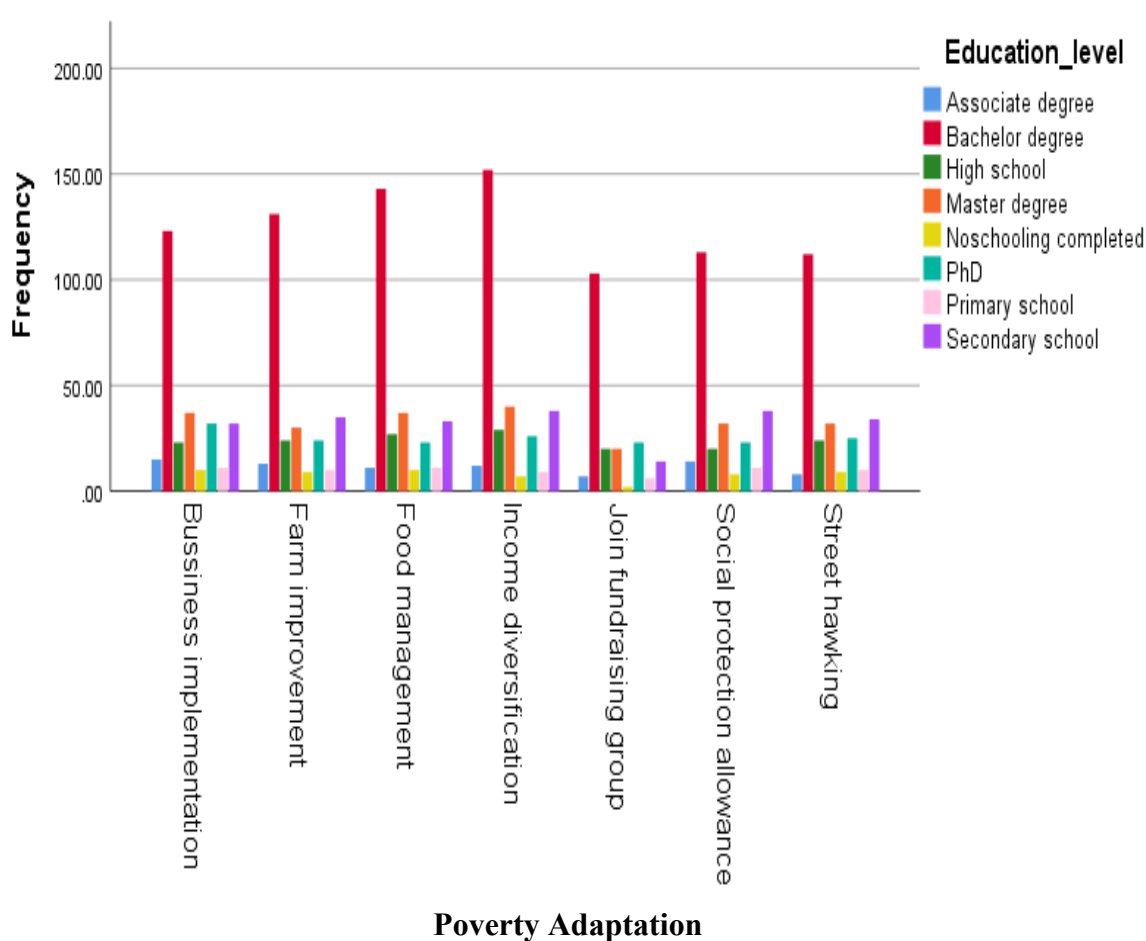


Figure 4.4. Poverty adaptation method by level of education

Figure 4.4. Illustrates the distribution of poverty adaptation methods by level of education in Adentan municipality. The X-axis carries the various poverty adaptation methods, and

the Y-axis the frequency of each adaptation method. The colors characterize the different levels of education; the blue (Associate degree), red (Bachelor degree), green (High School), orange (Master degree), yellow (No school completed), light green (PhD level), pink (primary school), and purple (secondary school).

4.2.4. Poverty Adaptation Method by Marital Status

Figure 4.5 summarizes poverty adaptation options in Adentan municipality according to marital status. The results showed varied frequencies across different marital statuses. For instance, income diversification appeared to be the most relevant adaptation option among singles while business implementation was the most appropriate among married respondents. On the other hand, divorced, separated and widows/widowers employed a combination of all the listed adaptation options to cope with poverty in the municipality. In specific cases, respondents with divorced status selected business implementation as the most suitable adaptation method, while widows/widowers relied more on social protection allowance to cope with poverty. Moreover, respondents with separated status opted for food management as the most relevant adaptation method. However, joining a fundraising group remained the least frequently chosen adaptation option.

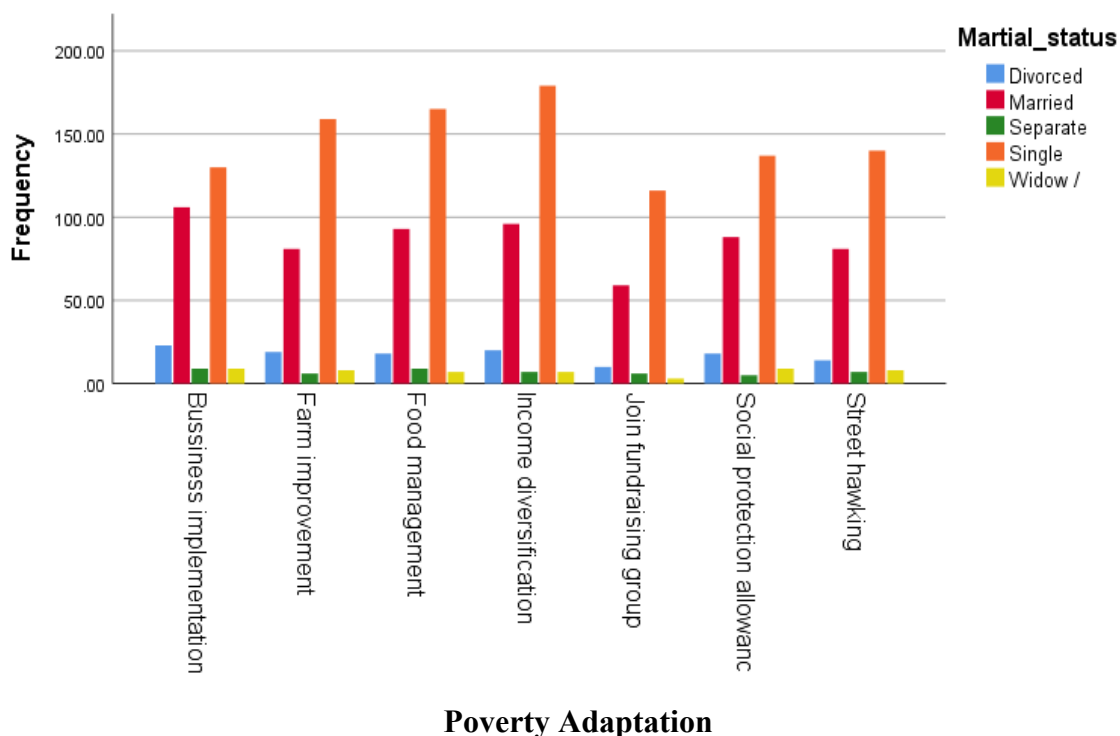


Figure 4.5. Poverty adaptation method by marital status

Figure 4.5. Shows the repartition of poverty adaptation options by marital status in Adentan municipality. The X-axis carries the various poverty adaptation methods, and the Y-axis the frequency of each adaptation method. The colors highlight the various marital statuses; blue (divorced), red (Married), green (separated), orange (single), and yellow (widowhood).

4.3. Effect Of Loan from Microfinances in Poverty Alleviation

4.3.1. Reliability Analysis

The variables' Cronbach's Alpha reliability tests were all more than or close to 0.7. (Table 4.2). One of these implies that the questions for this study are reliable and sufficient to assess the impact of microfinance on satisfying fundamental necessities, improving living

conditions, and usage of microfinance for business development or self-employment (Field, 2013).

Table 4.2. Reliability Statistics

C. No	Description	Cronbach's Alpha
1	Meeting Basic Needs (BN)	0.811
2	Improving Living Standards (LS)	0.781
3	Producing self-employment (SE)	0.629
4	Micro Financing (MF)	0.500

The table below shows the reliability test result of the selected items in each component. The table contains five (5) rows and three (3) columns. The first column contains the component number (C. No), the second represents the description of the component, and the last column the Cronbach's Alpha value of the items in the component. The row represents the different components.

4.3.2. Correlation Analysis

We tested the correlation between our dependent variables (Basic Needs, Living Standard, and usage of microfinance) and our predictors “Do you think that Microfinance institutions play a vital role in tackling the rapid rise in poverty” (MFI1)? “Do you think the interest rate charged by Microfinance institutions is appropriate and affordable for their clients” (MFI2)? “Do you think Microfinance institutions can fulfill the minimum capital requirements of urban and rural young peoples” (MFI3)? Do you think the application process for loans is easier from Microfinance institutions than conventional banks (MFI4)? Do you think financial services provided by Microfinance institutions are unproductive in Adentan Municipality (MFI5)?

We used the Spearman's Rho correlation test because our variables were not normally distributed. All correlation coefficients between predictors and dependent variables were significant at the 0.01 or 0.05 level with coefficients less than 0.4, except for MFI5, which correlated statistically significant only with living standards. These highlight that there is a weak significant correlation between improving Living Standard and each of our predictor variables, and a weak significant correlation between meeting Basic Needs, usage of microfinance and our predictors MFI1, MFI2, MFI3 and MFI4. Both Basic Needs and usage of microfinance vary in the same direction with their predictor variables; while Living Standard vary in the same direction with its predictor MFI1, MFI2, MFI3, MFI4, and in opposite direction with its predictor MFI5 (Table 4.3).

Table 4.3. Correlation Analysis

		Basic Need	Living Standard	Usage of Microfinances
Basic Need	Spearman's rho correlation	1.000	.427**	.320**
	Sig. (2-tailed)	.000	.000	.000
	N	398	398	398
Living Standard	Spearman's rho correlation	.427**	1.000	.368**
	Sig. (2-tailed)	.000	.000	.000
	N	398	398	398
Usage of Microfinances	Spearman's rho correlation	.320**	.368**	1.000
	Sig. (2-tailed)	.000	.000	.000
	N	398	398	398

Notes: ** Correlation is significant at the 0.01 level (2-tailed);

* Correlation is significant at the 0.05 level (2-tailed).

Dependent variables: Basic Needs (BN), Living Standard (LS), usage of microfinance (UM)

Predictors: MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

The table presents the p-values and the correlation coefficients of the Spearman's Rho correlation test between the dependent variables (Basic Needs, Living Standard, and Usage of microfinance) and the five predictors (MFI1, MFI2, MFI3, MFI4, MFI5).

4.3.3. Regression Analysis

In all the models below, the following questions and respective codes represent our independent variables: MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1). Basic Need (BN), Living Standard (LS), and Usage of microfinance (UM) constitute our dependent variables in the different models.

Model 1: Effect of Microfinance on Meeting Basic Needs (BN)

The regression results pertaining to the role of microfinance in achieving basic needs are summarized in Table 4.4. The adjusted R^2 value of 0.075 indicates that the independent variable (microfinance) predicts 7.5% of variation in the dependent variable (BN).

Table 4.4 Regression Summary of Microfinance in Meeting Basic Needs (BN)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.295	.087	.075	3.846

Notes: Predictors: (Constant): MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

The above summary table presents the values of the coefficient R, R^2 , Adjusted R^2 , and standard Error of the regression of meeting Basic Need on Microfinance. The model has as predictors the Constant, MFI1, MFI2, MFI3, MFI4, and MFI5.

Table 4.5 shows that there is a substantial association between microfinance and BN (p -value=0.00): Better diet, health, accommodation, clothing, and education are all dependent on microfinance accessibility.

Table 4.5. ANOVA analysis of Microfinance in meeting Basic Needs (BN)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	551.333	5	110.267	7.452	.000***
	Residual	5800.215	392	14.796		
	Total	6351.548	397			

Notes: * $p < 0.10$ ** $p < 0.05$, *** $p < 0.01$

Dependent variable: Basic Need (BN).

Notes: Predictors: (Constant): MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

The ANOVA table above presents the values of the sum of squares, the degree of freedom, the mean square, the F-value, and the p-value of the regression of microfinance in meeting basic needs.

Finally, Table 4.6 shows the coefficients for each of the five questions pertaining to the influence of microfinance on satisfying basic needs. From our results, only MFI1 and MFI5 are statistically significant. MFI1 deals with the relevance of MFIs in combating rising poverty, and it has the most significant effect (p -value = 0.032; β = 0.458). This implied that 1-unit change in microfinance performance meets 0.458 units of basic requirements. MFI5 relates to whether microfinance services are unproductive in Adentan Municipality, and it is likewise significant (p -value = 0.036), although its effect (β = - 0.359) is less than that of MFI1.

Contrarily MFI2, relating to whether interest rate charged by microfinances is appropriate ($p\text{-value} = 0.079$, $\beta = 0.424$), MFI3 relating to whether microfinance institutions fulfill the minimum capital requirement of young people's ($p\text{-value} = 0.143$, $\beta = 0.367$), and MFI4 relating to whether getting a loan from a microfinance institution is simpler than getting one from a regular bank ($p\text{-value} = 0.817$, $\beta = 0.054$) had no significant effect on Basic Needs.

Table 4.6. Regression Coefficient of Microfinance in Meeting Basic Needs (BN)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.613	1.188		10.614	.000
	MFI1	.458	.213	.123	2.148	.032**
	MFI2	.424	.241	.110	1.761	.079*
	MFI3	.367	.250	.090	1.467	.143
	MFI4	.054	.233	.012	.232	.817
	MFI5	-.359	.171	-.105	-2.105	.036**

Notes: * $p < 0.10$ ** $p < 0.05$, *** $p < 0.01$

Dependent variable: Basic Needs (BN)

Independent variables: MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

According to the coefficients of the predictors (Constant = 12.613) MFI1; $\beta = 0.458$ and MFI5; $\beta = -0.359$, the formula given for model 1 in the methodology, the equation for model 1 is: Basic Needs = $12.613 + 0.458 (\text{MFI1}) - 0.359 (\text{MFI5})$.

Model 2: Effect of Microfinance on Improving Living Standards (LS)

Table 4.7 shows an Adjusted R^2 squared value of 0.083, which indicates that Microfinance can predict 8.3% of the variation in living standards (LS)

Table 4.7. Regression Summary of Microfinance in Improving Living Standard (LS)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
2	.307	.094	.083	3.693

Notes: Predictors: (Constant): MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

The model summary above presents the values of the coefficients R, R^2 , Adjusted R^2 , and standard Error of the regression pertaining to the role of microfinance in improving Living Standard.

Table 4.8 shows the ANOVA results, which indicates a significant association between microfinance and LS ($p\text{-value} < 0.01$): microfinance is used to improve transportation, livestock, and sanitation as well as gas and power resources.

Table 4.8. ANOVA Analysis of Microfinance Effects in Improving Living Standard (LS)

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Régression	556.063	5	111.213	8.153	.000***
	Résiduel	5347.464	392	13.641		
	Total	5903.528	397			

Notes. * $p < 0.10$ ** $p < 0.05$, *** $p < 0.01$

Dependent variable : Living Standard (LS)

Predictors (Constant): MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

The ANOVA table above presents the values of the sum of squares, the degree of freedom (df), the mean square, the F-value, and the p-value of the regression pertaining to the effects of microfinance in improving Living Standard.

Table 4.9 shows the regression coefficient of microfinance in improving living standards. Just like in the previous model (in Table 7), only MFI1 ($p\text{-value} = 0.010$; $\beta = 0.532$), and MFI5 ($p\text{-value} = 0.030$; $\beta = -0.357$) are statistically significant as with basic need while MFI2, MFI3 and MFI4 are not statistically significant ($p\text{-value} > 0.05$) and thus, had no significant impact in improving living standards.

Table 4.9. Regression Coefficient of Microfinance in Improving Living Standard (LS)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
2	(Constant)	13.023	1.141		11.413	.000
	MFI1	.532	.205	.148	2.597	.010**
	MFI2	.359	.231	.097	1.552	.121
	MFI3	.339	.240	.086	1.409	.160
	MFI4	.105	.224	.025	.469	.640
	MFI5	-.357	.164	-.109	-2.182	.030**

Notes. * $p < 0.10$ ** $p < 0.05$, *** $p < 0.01$

Dependent variable: Living Standards (LS)

Predictors: MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

The table above shows the coefficients and p-values of the different predictor of microfinance on Living Standard. According to the coefficients of the predictors (Constant = 13.023) MFI1; $\beta = 0.532$ and MFI5; $\beta = -0.357$, the formula given for living standards, the equation for model 2 is: Living Standard = 13.023 + 0.532 (MFI1) - 0.357 (MFI5).

Model 3. Effect Of Microfinance on the Usage of Microfinance (UM)

Table 4.10 shows that microfinance predicted a 24.4% variance in the usage of microfinance to start a new business or expand an existing one (usage of microfinance)

Table 4.20. Regression Summary of Microfinance on the Usage of Microfinance (UM)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
3	.503	.253	.244	2.876

Notes: Predictors: (Constant): MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

The model summary above presents the values of the coefficient R, R², Adjusted R², and standard Error concerning the role of microfinance in enhancing business.

ANOVA found a significant connection in Table 4.11 (*p-value* = 0.00), confirming the influence of microfinance on the usage of microfinance for business.

Table 4.11. ANOVA analysis of Microfinances on usage of microfinance (UM)

Model		Sum of Squares	df	Mean Square	F	Sig.
3	Regression	1099.356	5	219.871	26.570	.000***
	Residual	3243.840	392	8.275		
	Total	4343.196	397			

Notes: **p*<0.10 ***p*<0.05, ****p*<0.01

Dependent variable: Usage of microfinance (UM)

Predictors: MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

The ANOVA table above presents the values for the sum of squares, degree of freedom (df), the mean square, the F-value, and the p-value of the regression usage of microfinance for business expansion.

Table 4.12 presents the regression coefficients of microfinance on the usage of microfinance. From our results, MFI1, MFI2, and MFI4 are statistically significant ($p < 0.001$). The use of microfinance in the cases of MFI1, MFI2, and MFI4, as illustrated by the coefficients in Table 12, is once again significant ($p\text{-value} = 0.00$). This time, though, MFI2 has the highest significance ($\beta = 0.811$), whereas MFI4 and MFI1 have the least ($\beta = 0.633$; $\beta = 0.755$). Despite this, neither MFI3 nor MFI5 had a significant impact ($p\text{-value} > 0.05$), as demonstrated by the other dependent variables

Table 4.12. Regression Coefficient of Microfinance on the Usage of Microfinance (UM)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
3	(Constant)	10.136	.889		11.406	.000
	MFI1	.755	.160	.244	4.731	.000***
	MFI2	.811	.180	.255	4.507	.000***
	MFI3	-.034	.187	-.010	-.180	.858
	MFI4	.633	.174	.177	3.629	.000***
	MFI5	-.066	.128	-.024	-.519	.604

Notes. * $p < 0.10$ ** $p < 0.05$, *** $p < 0.01$

Dependent variable: Usage of microfinance (UM)

Predictors: MFI1, MFI2, MFI3, MFI4 and MFI5 (See Questions 16 – 20 in Appendix 1)

The table above shows the regression coefficients and p-values of microfinance on the usage of microfinance for business expansion. According to the coefficients of the predictors (Constant = 10.136) MFI1; $\beta = 0.755$, MFI2; $\beta = 0.811$ and MFI4; $\beta = 0.633$, the formula given for the usage of microfinance, the equation for model 3 is: Usage of microfinance = $10.136 + 0.755 \text{ (MFI1)} + 0.811 \text{ (MFI2)} + 0.633 \text{ (MFI4)}$.

CHAPTER FIVE

DISCUSSION

5.1. Adaptation Methods Applied by Local Population to Cope with Poverty

Our survey provided seven (7) adaptation methods or options to the respondents. They are Business implementation, join fundraising group, income diversification, food management, street hawking, farm improvement, and social protection allowance. Results from our analysis showed that the local population of Adentan municipality implemented a combination of adaptation options to cope with poverty. Hence, it is seen that the recurrent option was income diversity (317 positive responses), followed by food management (299 positive responses), business implementation (286 positive responses), farm improvement (279 positive responses), social protection allowance (263 positive responses) and street hawking (256 positive responses).

Meanwhile the least recurrent adaptation option implemented by respondents was joining a fundraising group (only 198 positive responses). Several studies have equally found similar outcomes across different parts of Africa and the tropics as a whole indicating that a combination of different adaptation methods is often used simultaneously by the local population to cope with adverse social, economic, political and environmental upheavals (Edwards & Moss, 2021; Awazi et al., 2019).

According to our findings, the technique "Join fundraising group" had the least frequency of positive replies among the seven strategies employed for poverty adaptation, while the method "income diversification" had the highest frequency of favorable responses. These values suggest that most of the population of the municipality of Adentan, diversify their income sources to be able to cope with poverty; and fewer of them join local fundraising groups for the same objective. Additionally, these results can also signify that to cope with poverty in Adentan municipality, almost 16.70% of the population opt to diversify their

income sources, 15.75% opt to store more food during period of plenty harvest, 15.07% opt to manage a business of their own, 14.70% opt to improve their farming techniques, 13.86% opt to receive regional social protection scheme, 13.49% opt for street hawking, and 10.83% opt for opt to join local fundraising groups. One of our methods of adaptation to poverty was highlighted by (Edwards & Moss, 2021) in their study on the practices of adaptation to climate change and poverty by communities of rural mountains in Nepal. From their results, most of the population with poverty were improving their farming techniques.

When considering gender, both male and female firstly diversify their income and lastly join fundraising groups to cope with poverty. Subsequently, women opt for storing more food during periods of plenty harvest, manage a business, improve their farming techniques, do street hawking, and receive regional social protection; while some men equally opt for storing more food and managing a business, and for improving their farming techniques and receive social protection allowance. These results align to that of (Mudege & Ezech, 2009) who pointed out that diversifying incomes is the most adopted method by men and women to scope with poverty in the two slum areas Viwandani and Korogocho in Nairobi, Kenya after analyzing data obtained through in-deep individuals interview and focus groups discussion. More precisely, the author states that 73% of women and 50.2% of men are engaged in various money incomes tasks such as petty trades, laundry service, etc.

Considering education level, we observe that in Adentan Municipality, the population with no school education mostly relies on regional social protection allowance to cope with poverty; while those with school education use other methods varying in accordance to their level of education. Individuals with Associate and PhD degrees opt to manage business of their own; and those with a Master degree and downward opt to diversify their income source.

Taking into account the marital status, divorced and married individuals, to face poverty prefer to manage a business of their own, while individuals that are separated prefer to manage their food by storing more of it during period of plenty harvest; single individuals adopt income diversification; and widow/widowed individuals relies on regional social protection allowance.

5.2.1. Reliability Analysis

Cronbach's Alpha validated the reliability of the questions used in this research. The Spearman's Rho correlation test highlighted a weak but significant positive association between Basic Needs, Living Standard, producing self-employment and Microfinance. However, Ullah et al., (2020) and Mushtaq et al., (2015) whose studies are used a blueprint for our research did not perform the Spearman's Rho correlation, prior to validating their dataset or selecting variables for their regression models but depended on the Cronbach's Alpha test only.

5.2.2. Regression Analysis

In terms of the impact of microfinance on satisfying basic needs, the adjusted R^2 value (0.075) gave very little explanation of the variance in the dependent variable by the independent variables, but the p-value of the ANOVA (p-value<0.05) sustained the existence of a significant relationship between Microfinances and Basics Needs; which has been illustrated with the regression equation. This implies that improved health, improved diet, housing, education, and clothing, depend on the vital role-played by microfinances institutions in tackling the rapid rise in poverty (MFI1), and on the productivity of microfinance services in Adentan Municipality (MFI5).

In the effect of Microfinance in meeting Living Standard, as in the previous effect we obtained an Adjusted R^2 value of 0.083 showing that the independent variables explain

relatively little of the variance in the dependent variable. However, the p-value of the ANOVA (p-value<0.05) sustain the existence of a significant relationship between Microfinances and Living Standard; which has been illustrated with the regression equation. This implies that, agriculture output, transportation resources, electricity and gas appliance as well as sanitation depend on the vital role-play by microfinances institutions in tackling the rapid rise in poverty (MFI1), and on the productivity of microfinance services in Adentan Municipality (MFI5).

In the effect of Microfinance on the usage of microfinance, the Adjusted R^2 value (0.244) point out a very low explanation of the variance in the dependent variable by the independent variables. However, the p-value of the ANOVA (p-value<0.05) sustained the existence of a significant relationship between Microfinance and its usage; which has been illustrated with the regression equation. This means that factors like the acquisition of business skills and knowledge, business setup, meeting immediate needs, helpfulness of the operation assistance, and income increment depend on the vital role-played by microfinance institutions in tackling the rapid rise in poverty (MFI1). In addition, the appropriateness and affordability of the interest rate charged by microfinance institutions to their clients played a key role (MFI2), as well as access to loans from microfinance.

Ullah et al., (2020) The same technique was used to investigate the impact of microfinance in poverty alleviation in Pakistan's least developed areas, and identical results were achieved. Contrarily these authors did not perform a correlation test prior to running their regression analysis, as it is the case with our study. In Ullah et al. (2020), the reliability analysis was done with all the initial items and some of the Cronbach's Alpha values were lower than 0.7 as in the present study. All the Adjusted R^2 values were far greater than the one in this study. Concerning the relationship between the dependent variables and the predictors (MFI1, MFI2, MFI3, MFI4, MFI5), only three (3) out of the five (5) predictors were significant to explain the variation in the dependence.

Mushtaq et al., (2015) also implemented the same methodology, but contrary to this study, the authors used the average of all items (both dependent and independent variable) in the regression analysis. The values of the Cronbach's Alpha reliability were similar to those obtained by (Ullah et al., 2020) ; and all the coefficients in the three models were significant ($p\text{-value} > 0.05$).

This variation of results between studies can be explained by the difference in the study population and sample size. In our detailed study into the effects of microfinance in alleviating poverty, we considered three dimensions which constituted our dependent variables in the respective regression models. The independent variables considered were questions 16 to 20 in Appendix 1 which constituted MFI1, MFI2, MFI3, MFI4 and MFI5.

The findings revealed substantial and favorable impacts, demonstrating that microfinance institution loans were capable of improving the living situations of persons living in deprivation. This suggests that persons living in poverty who opt to use microfinance services have been able to enhance their families' diet, accommodation, health and well-being, clothes, and education. These results reject all the four (4) null hypothesis and endorsed the four alternative ones; H1, H2, H3 and H4 (Table 5.1). In light of this, microfinance institutions provide the finances needed for the poor to not only satisfy their basic necessities and enhance their standard of living, but also to pursue self-employment.

Table 5.1. Hypothesis Testing

Hypothesis	Results/outcome
All alternative hypothesis is accepted; Thus:	
H ₀ : Adentan local population to cope with poverty with no adaptation options	Rejected
H ₀ : Microfinance institutions do not play a major role in meeting basic needs (BN)	Rejected

H ₀ : Microfinance institutions do not play a major role in meeting living standards (LS)	Rejected
H ₀ : Microfinance institutions has no major link with usage of microfinance (UM)	Rejected

CHAPTER SIX

CONCLUSION AND PERSPECTIVE FOR FURTHER RESEARCH

6.1. Introduction

Microfinance is a key instrument for alleviating poverty, which is assumed to be driven largely by lack of financial resources for the poor. Microfinance institutions' participation has been useful in increasing living standards and allowing the poor to have access to money, which has helped to ease difficulties created by low incomes as well as underinvestment. Because of its popularity in developing countries and its gradual emergence in developed countries, it is an inevitable instrument for poverty alleviation especially in countries where the group-lending approach was initially used. They also provide doorstep banking and financing based solely on personal guarantees with no collateral attached.

This study aimed to assess the different adaptation options put in place by the local population of Adentan Municipality in Ghana to alleviate poverty, and determine whether loans from Microfinance institutions have helped in poverty alleviation in the municipality. To meet this aim, the study used data consisting of responses to a survey questionnaire distributed to 387 individuals from 5 communities in Adentan Municipality. The data were then processed and analyzed with SPSS to extract useful information.

A total of 7 methods used for poverty alleviation in Adentan Municipality were retained: “Implement a business activity”, “Improve farming techniques”, “Manage harvested food”, “Diversify income”, “Join fundraising groups”, “Relied on social protection allowance”, and “do street hawking”. Between these methods, the majority of the population prefer to diversify their income to be able to cope with poverty in Adentan Municipality; this was also observed in both male and female when taking gender into consideration, and in single individuals when taking the marital status into consideration. Individuals that have not completed any level of education as well as widow/widowed (when considering marital status) prefer to count on regional social protection allowance

to cope with poverty; while those with a minimum level of education opt for the other methods.

Furthermore, our findings revealed that we could access our basic needs and improve our living standards based on the role played by microfinance institutions in tackling the rapid rise in poverty, and on the appropriateness and affordability of the interest rate charged by microfinance institutions to their clients. In addition, this shows the ability of microfinance to fulfill the minimum capital requirement of rural and urban peoples. In brief, persons living in poverty may at least satisfy their fundamental necessities, improve their living standards, and have simpler access to financial services than traditional banks, especially when they don't have acceptable collateral security to secure loans.

This study backs up previous research undertaken by (Ullah et al., 2020), and (Mushtaq et al., 2015), with further analysis; however, there is still need for more research. For example, like in the study of (Kashif & Sridharan, 2012), The circumstances under which microfinance can adequately address the needs of the most disadvantaged people in society, as well as the role of microfinance in Ghana's shift from low to high social mobility, should be investigated, and so should the role of combining education with microcredit in alleviating poverty in Ghana. This final point is critical since most people abuse microcredit. As a result, in addition to loans, MFIs should explore providing business skills training to their consumers in order to help them out of poverty.

It should be emphasized, however, that government involvement is necessary to optimize the efficiency of microfinance because only the government has the authority to address issues with infrastructure, the supply of electricity and gas, the operation of efficient transportation systems, and the location of institutions for vocational training that have an impact on the standard of living. Microfinance does not make predefined loan amounts; rather, they conduct a business analysis to determine the exact money required to start or grow a business. In this aspect, government action may be crucial. This strategy is based

on the concept that if more credit is granted than is necessary, the client may abuse the excess, but granting too little credit may result in the company defaulting on its loan.

Because no collateral is necessary, certain qualified consumers, such as drug addicts, may be classified as high risk; as a result, actions must be taken to alleviate these difficulties, such as requiring potential clients to undergo a health check before their loan is provided. Low-interest loans, on the other hand, are vital if the poor are to participate in economic advancement, because many educated but jobless Ghanaians just require cash and business support, including management and entrepreneurial skills, to run a successful firm.

6.2. Contribution of The Thesis

This study has made a substantial theoretical contribution to the existing microfinance literature and state of knowledge by developing a conceptual framework that will improve the local population well-being through access to microfinance. Furthermore, it provides a significant quantity of knowledge to the extensive body of research in regard to the activities and well-being of the Adentan Municipality population through the use of microfinance loans for productive projects. Thus, the model's integrated characteristics are capable of aiding the underprivileged residents of Ghana's Adentan Municipality to leave poverty and fulfill their potential.

There has been little research into the role of microfinance institutions in poverty reduction. As a result, this research is unique since the literature on MFIs is mostly devoted to evaluating the implications from the perspective of local residents due to a long-held belief that they are the better consumers, particularly in terms of loan utilization and repayment rate. Thus, this study contributed significantly to the body of knowledge on the impact of microfinance institutions in reducing poverty among the Adenta Municipality's local inhabitants.

According to the findings of this study, MFI interventions in Ghana contributed favorably to the financial and social stability of the people in Adentan Municipality. This conclusion is consistent with previous scholarly investigation that has demonstrated a favorable association between MFI services and poverty alleviation. As a result, our study contributed significantly to the existing microfinance and poverty reduction literature.

6.3. Recommendations for Authorities

Several resources on this issue were viewed and reviewed by the researcher over the course of this inquiry. This has provided the researcher with comprehensive insights on the solutions that MFIs might use in one way or another to strengthen their vulnerabilities, develop their operations, and guarantee they remain in business. Because they lie beyond the bounds of this research, all of these answers and proposals were not included in the primary debates and findings.

Because this was a targeted study with well-defined research aims and questions, it was not appropriate to submit policies to authorities that did not match with the research purpose, but rather to offer them as practical policy suggestions for policymakers and industry authorities. This present study suggests the following:

- The BOG, support of all financial firms, the Ghana Microfinance Institutions Network (GHAMFIN), and the Ghana Association of Microfinance in Ghana, is urged to make subscription to the Credit Bureau in Ghana known. In its current condition, not all institutions have subscribed to it, making it easier for loan defaulters to seek fresh loans from other institutions. Once all institutions have signed on, it will be obligatory for them to assess a client's creditworthiness before engaging that client.
- The BOG and other industry participants, including MFIs, are urged to gradually cut interest rates on loans made to the needy in society. Interest rates are now averaging 30%. The industry's high interest rates make it exceedingly difficult for

loan customers to generate profits, which contributes to loan clients' default in payment.

- The Ghanaian government is being urged to expedite the distribution of National Identity Cards (ID) to all people. To some extent, a solid ID card system combined with a decent addressing system would prevent fraud and identity theft. Most MFIs in Ghana use a method that relies on loan borrowers' word to help with their home addresses.
- MFI loan employees typically accompany prospective clients to their homes, in businesses, or shops to verify and confirm their locations. In such circumstances, fraudulent customers usually connive with others to confirm addresses of properties that were previously not their original residences. It therefore appropriates for the government to support in establishing a proper addressing system for all Ghanaians where one's house can be identified and mapped to this ID number.
- MFIs are urged to make post-disbursement training or guidance necessary for loan borrowers as part of the loan lifecycle. MFIs should train their loan officers in the soft skills required for post-disbursement training. Bookkeeping, marketing, packaging, customer relations, and company ethics should all be included in this course. If MFIs see that their loan officers lack the necessary experience, they should hire experienced specialists to conduct these training as well as advise their loan officers.

6.4. Areas For Further Research

Furthermore, future study should compare developed and developing country experiences (for example, Pakistan, China, One Belt, One Road) in order to better understand and adapt effective methodologies, such as the role of microfinance in bearable growth.

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APPENDICES

APPENDIX 1

SURVEY QUESTIONNAIRE

SURVEY FORM

Dear participants,

This survey aims to identify the causes of populations' vulnerability to poverty, adaptation options and the role that microfinance institutions play in reducing poverty in the Adentan Municipality of Greater Accra, Ghana. We are inviting you to complete this survey, which consist of three parts. Part one requires your personal information. Part two covers adaptation options to cope with poverty and part three centers on the role of microfinance institutions in poverty alleviation. The information you give us will be of great importance to this study. Hence, we are respectfully requesting complete and honest responses. Also, be informed that the information you provide us shall be treated with confidentiality and used exclusively for academic purposes. Thanks for your cooperation and time.

Benjamin Kwabena Badu

Master's Student, Business Administration, European University of Lefke (EUL)

- A: Personal Information

Please Select The Letter With The Appropriate Answer

1. Gender
 - a. Male
 - b. Female
2. Age: -----
3. Education
 - a. No school completed
 - b. Primary school
 - c. Secondary school
 - d. High school
 - e. Associate degree
 - f. Bachelor's degree
 - g. Master's Degree
 - h. Ph.D.
4. Marital status
 - a. Single
 - b. Married
 - c. Divorced
 - d. Widow/ widower
 - e. Separated
5. Occupation/Profession
 - a. Unemployed
 - b. Self-employed
 - c. Employed for wages
 - d. Farmer

- e. Student
 - f. Homemaker
 - g. Military
 - h. Retired
 - i. Other. Please specify-----
6. Average monthly income
- a. Below 500Gha
 - b. 501-1000Gha
 - c. 1001- 1500Gha
 - d. 1501- 2000Gh
 - e. 2000Gha and above
7. Number of family member who depend on you
.....
8. Have you ever managed a business of your own?
- a. Yes
 - b. No

B: Adaptation Options To Cope With Poverty

Instructions:

Please indicate the adaptation option (s) that best describe your resilience to poverty. Read each statement carefully and select the relevant answer.

No	Question	Yes	No
	Adaptation options implemented by the poor to cope with poverty		
1	Joining local fundraising groups enable you to raise income.		
2	Diversifying your income sources enables you to cope with poverty.		
3	Storing more food during periods of plenty harvest enables you to adapt to poverty		
4	Street hawking (business) enable to cope with poverty.		
5	Improving your farming techniques enables you to adapt to poverty.		
6	Receiving regional social protection scheme enables you to adapt to poverty.		

Occupation					
11	Do you think loans provided by Microfinance institutions enable are sufficient to set up a new or expand a current business?				
12	Do you think that most microfinance institution clients do not possess the requisite business skills and knowledge?				
13	Do you think that most microfinance institution clients use their loans to meet their immediate needs rather than set up or expand a business?				
14	Do you think the operational assistance provided by Microfinance institutions is helpful?				
15	Do you think loans provided by Microfinance institutions enable their customers to increase their income permanently?				
Microfinance					
16	Do you think that Microfinance institutions play a vital role in tackling the rapid rise in poverty?				
17	Do you think the interest rate charged by Microfinance institutions is appropriate and affordable for their clients?				
18	Do you think Microfinance institutions can fulfill the minimum capital requirements of urban and rural young people?				
19	Do you think the application process for loans is easier from Microfinance institutions than conventional banks?				
20	Do you think financial services provided by Microfinance institutions are unproductive in Adentan Municipality?				

SIGNED PLAGIARISM FORM

Student's Name & Surname: Benjamin Kwabena BADU

Student's Number : 20150006

Programme : Master of Business Administration

☐ Master's without Thesis ☒ Master's with Thesis ☐ Ph.D.

I hereby declare that I have fully cited and referenced all material that are not original to this work as required by these rules and conduct. I also declare that any violation of the academic rules and the ethical conduct concerned will be regarded as plagiarism and will lead to a disciplinary investigation which may result in expulsion from the university, and which will also require other legal proceedings.



(Signature)