


Chapter 16

Gender, ICT, and Micro– Loans for Small Business Operations in Ghana

Alice S. Etim

 <https://orcid.org/0000-0001-6259-5087>
Winston-Salem State University, USA

David N. Etim

University of Connecticut, USA

ABSTRACT

In many underserved communities in Sub-Saharan Africa (SSA), including those in Ghana, there are microfinance institutions (MFIs) that provide small non-collateralized loans (or micro-loans) to entrepreneurs, including women entrepreneurs. The micro-lending activities, especially those channeled through entrepreneurship programs, were reported as being helpful and allowed for financial inclusion. However, Anaman and Pobbi evaluated performance and reported that some of the MFIs were becoming a burden because of steep interest rate charges and loan default, raising a need for borrowers to use relevant information and communication technology (ICT) tools and services to support business operations. This chapter reports a study on the differences in attitudes of female versus male borrowers of micro-loans and their use of ICT to support small business operations in Ghana.

1. INTRODUCTION

Disadvantaged populations and women entrepreneurs in these populations face many challenges including inequity in financial access for small business operations. Sub-Saharan African (SSA) countries, particularly Ghana had witnessed the influx of many non-indigenous microfinance institutions (MFIs) as well as local startups in the 1990s and 2000s. The reports at the time were that extreme poverty and issues of financial inclusion were being gradually reduced through micro-loans; allowing for the development of new models of rural entrepreneurship (Afrane, 2002; Anthony et al, 2011; Aryeetey, 1992,

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1998 and 2005). By 2012, Ghana had both well-formed private sectors, small to medium enterprises (SMEs) and governmental MFIs like rural banks that focused on providing micro-loans to help alleviate poverty. Donkor and Duah (2013) reported that successful relationships were formed among the credit/savings rural banks in Ghana.

However, Anaman & Pobbi (2019) evaluated performance and reported that some of the MFIs were becoming a burden because of steep interest rate charges and loan default; raising a need for micro-loan borrowers to use relevant information and communication technology (ICT) tools and services to support entrepreneurial operations. Early warning signals were also raised by writers like Gonzalez-Vega et al (1997), Hashemi (1997) and Peprah (2012) about whether MFIs were benefiting themselves more than the poor and women entrepreneurs.

Some writers, therefore, are asking questions like the following about the viability of micro-loans and credit:

1. Is microfinance really for the poor?
2. How can micro and small enterprises in SSA become productive (Mano, 2012)?
3. Does microfinance still hold promise for reaching the poor (Cull, 2015)?
4. Are women given enough attention on access to micro-loans and credits (Peprah, 2012)?

Before delving into the questions raised, it is appropriate to define ICT and explain it in the context of this research.

The term, ICT is often used to consolidate an array of technologies into one group. Although there are many definitions of ICT in the literature, the author settled on an earlier definitions of ICT by Kling et al (2005):

Artifacts and practices for recording, organizing, storing, manipulating, and communicating information. Today, many people's attention is focused on new ICTs, such as those developed with computers and telecommunication equipment. But ICTs include a wider array of artifacts, such as telephones, faxes, photocopiers, movies, books, and journal articles. They also include practices such as software testing methods, and approaches to cataloging and indexing documents in the library (p.11).

Zuppo (2012) examined the topic of defining ICT in a “boundaryless” world and argues that the challenge of agreeing to one definition is due to the many applications of the term itself. One may define ICT based on types, such as in Kling et al (2005) definition (above) or in what Zuppo (2012) calls hierarchical classifications due to context/use as in ICT use for service delivery in business, education, health, economic & state/national development. Take state/national development for example, the countries of the world define/develop ICT policies and implement them based on standards from the United Nation's International Telecommunication Union (ITU). The ICT definition and its development in Sub-Saharan African (SSA) countries including Ghana is therefore very important for effective service delivery in all sectors particularly in banking and finance. In this research, ICT definition can be seen from both type and context. The type of ICT that is referenced include mobile/smartphones phones & wireless technologies, computer, internet technology tools and services. The definition in context is linked to how to use ICT to deliver micro-loan services and conduct microfinance transactions. It is what Etim (2020) refers to as an ICT convergence – the coming together of more than one form of ICT, markets, regulations/protocols to integrate many technological activities and services.

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