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The Effect Of Microfinance On Human Capital Development In Ghana: The Case Of Sinapi Aba Trust Microfinance Beneficiaries In Ashanti Region

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Abstract: ***Microfinance institutions provide services to raise income and consumption levels of families, reduce income inequality thereby, creating opportunities for investment in assets such as human and social capital development. The paper provides empirical evidence on how microfinance services contribute to developing human capital of beneficiaries to reduce poverty in Ghana. Cross-sectional approach was employed to gather data from 363 beneficiaries of Sinapi Aba Trust (SAT) microfinance services in 2012, using both quantitative and qualitative tools. Findings indicate that microfinance services enable beneficiaries to expand their human capital assets. Aside the beneficiaries own efforts, SAT included education programmes that added up to enhancing beneficiaries outlook regarding the non-financial aspect of poverty reduction. SAT services provided awareness creation and sensitisation workshops to inform beneficiaries about topical issues that were development oriented for beneficiaries and their households. The study among others recommended that, government, sponsors and managers of microfinance should collaborate to pull resources for human capital development of beneficiaries.***

Keywords: Microfinance, Poverty reduction, Human capital, Sinapi Aba Trust

INTRODUCTION

The paper assesses the relationship between microfinance services and human capital development in Ghana. The importance of microfinance was highlighted when the year 2005 was declared the year of microcredit by the General Assembly of the United Nations which recognised the need for access to financial services for the poor. The United Nations (2005) noted that microcredit would help member countries achieve the Millennium Development

Goals (MDGs) of reducing poverty rates by 50 percent by 2015. Microfinance becomes significant for poverty reduction when it leads to human capital development. To reduce poverty effectively by microfinance institutions, human capital of beneficiaries needs to be expanded since low endowment of it presents a challenge. As a financial intermediation tool, microfinance targets people who are generally not served by traditional financial institutions due to their inability to provide collateral. Most of the poor families served by microfinance institutions are low-income people who are mainly illiterates and semi literates in developing countries (Organisation for Economic Co-operation and Development (OECD), 1996).

Amin and Ntilivamunda (2009) described microfinance as a way of providing financial services to a previously ignored, excluded and disadvantaged population who are also the poor, in order to make changes in their lives. Microfinance services provide financial intermediation for the poor with the ultimate aim of creating employment and income opportunities to reduce poverty. Microfinance beneficiaries collect loans, in the form of individual and group loans, to undertake business activities. These businesses raise income and consumption levels of families, reduce income inequality and enhance welfare (Mahjabeen, 2008) thereby, creating opportunities for investment in assets such as human capital development which connotes investments such as education, training and health in human beings. (Langelett, 2002). Such initial investments generate potential returns for improved productivity and socio-economic development. It is expected that when incomes of microfinance beneficiaries increase they would prioritise development of human capital. This supports the transformation goal of SAT.

Sinapi Aba Trust has operated in Ghana since 1994 as a non-governmental financial organisation in the Ashanti Region. The Ashanti Region, with a population of 4,725,046 is the most populous region in Ghana (GSS, 2011), hence, issues of poverty and related poverty reduction strategies in the region are of major concerns for the country. Studies conducted on SAT beneficiaries have mainly focused on issues other than human capital development. Not much is known on whether SAT microfinance services have resulted in human capital development of beneficiaries and factors that might have driven decisions to accumulate human capital which greatly determines one’s capability of functioning and well-being.

I. LITERATURE REVIEW

This section covers theoretical and conceptual issues, major assumptions underlining micro finance services, overview of microfinance, poverty and human capital relationship and some empirical results. The human capital theory denotes that the concept of education, whether formal or on-the-job, is an investment both for the individual and the society. Human capital including formal and non-formal education, health and nutrition are important assets acquired and possessed by people (Krueger & Lindahl (2000). Microfinance beneficiaries are characterised by low levels of human capital such as poor health, poor education including both fundamental and specialised skills and these factors are linked to beneficiaries’ marketability and competitiveness in business. Providing easy and affordable access to financial services for poor families can have a host of positive effects on their incomes, livelihoods and asset accumulation which correspond with the underlying philosophy of microfinance (Yunus, 2003). It is expected that if microfinance beneficiaries increase incomes and enhance outlook on the benefits of human capital then it could be utilised as an important means to develop human capital especially, when most microfinance institutions complement their financial products with non-financial services such as awareness creation, training and provision of education loans (SAT, 2008).

Some research have indicated that microfinance facilities have improved

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beneficiaries' access to socio-economic facilities such as health, nutrition and education through increased incomes (Afrane, 2002; Khavul, 2010; Odell, 2010). On the contrary, Khandker (2005) and Karlan and Zinman, (2010) contest the propagated positive impacts of microfinance and claim that microfinance does not reach the poor and even if it does it rather destroys their resourcefulness as a result of repayment difficulties which inhibits acquisition of vital resources (Melzer, 2011). Others have also indicated that, microfinance can be detrimental as well as beneficial to livelihoods of beneficiaries (Husain, Mukherjee & Dutta, 2010; Rooyen, Stewart & De Wet, 2012). These differing views on effects of microfinance have led to inconclusive claims of the effects.

Fosu and Mwabu (2010) have recognised that investment in human capital asset empowers people to reduce poverty. Studies on human capital factors such as skills development, education, good health and productive social networks are limited. Fischer and Ghatak (2010) and Ross (2010) noted that studies that try to link effects of microfinance on beneficiaries' human capital development outcomes are mixed. Furthermore, Stewart et al. (2010) report that limited evidence generalise the complex reality of poverty reduction and human capital development. Adjei (2010) contends that the over generalisation hinders evidence on microfinance effects on human capital development, thereby leading to the generally weak and inadequate research in the area of human capital. Psacharopoulos (1997) and Krueger and Lindahl (2000) observed that human capital development is a pre requisite for reducing poverty in the long run and occupies the prime place in production because without it other factors of production would not be developed.

The importance of human capital development of microfinance beneficiary originates from the theory of human resource primacy in socio-economic development. The theory assumes that labour occupies a prime place in production because without it other factors of production which are land and machines would not be developed (Ikeanyibe, 2008; Schultz, 1961). Varying views have been raised about the effects of microfinance on income and welfare of the poor (Hailai, 2010). Increasing income, by itself, does not mean that poverty is reduced. Wright (1999) maintains that it depends on what the income is used for. It is expected that, with the generally low levels of human capital, microfinance beneficiaries would prioritise human capital development when their incomes increase to ameliorate the poverty situation. The human capital theory implies that once basic needs are satisfied, people would address issues of education, knowledge, skills and attitudes to sustain their incomes (Khandker, Khalily & Khan 1995; Nanor, 2008). Measures taken by microfinance institutions and regulatory bodies would help to encourage the human capital development of beneficiaries. Some studies, in assessing the impact of microfinance, have measured the effects by using human and social capital theories and access to finance (Al-Mamun, Malarvizhi, Wahab & Mazumder, 2011).

Poverty in Ghana has an important human capital development dimension and requires a public policy focus (NDPC, 2008). About 31 percent of all adults have never been to school (Ghana Statistical Service (GSS), 2006). By inference, most people do not have the requisite skills training and education to pursue their livelihoods, a situation which renders a substantial number of the economically active population vulnerable. In 2010, the government of Ghana professed to make human capital development one of the principal objectives of the Ghana Shared Growth and Development Agenda (GSGDA), (2010). According to GSS (2005) and UNDP (2007), levels of educational attainment and literacy in the Ashanti Region show that between 40 and 50 percent of the population, particularly,

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females either have no formal education or have only pre-school education. The illiteracy levels range from a relatively high level of 61.2 percent for Ejura Sekyedumase District to a relatively low level of 22.1 percent for the Kumasi Metropolis. Attempts at informal education such as apprenticeship in trades such as carpentry, masonry, auto-mechanics, welding, foundering, photography, tailoring, dressmaking and hairdressing are available to equip persons who are excluded from formal learning. There is also technical and vocational education which provides apprenticeship training in state-funded schools, for example, the NVTI.

A. Conceptualising microfinance services and human capital development among beneficiaries

It is presumed that providing loans and related financial services could increase incomes and outlook to facilitate effective development of human capital. Beneficiaries, before being given loans and whilst undertaking their economic businesses are taken through orientation processes during which they receive training and awareness creation on development oriented issues. The key assumption underlying the services is that they could result into increased or decreased business incomes and ultimately changes in human capital accumulation. The services, such as business training, loan management and repayment education help to create productive opportunities for the poor who have low income, unskilled and with low access to basic facilities of life. The productive activities are expected to lead to outcomes such as increase in incomes and business capital. When incomes increase, beneficiaries are encouraged by the MFI to deposit monies into compulsory and individual savings schemes for development expenditure. Conversely, the microfinance services can result in the decrease of business incomes especially when beneficiaries incur cost of borrowing through administrative expenses and high interest rates which could lead to increase in poverty (Karlan & Zinman, 2010; Melzer, 2011)

The human capital development impact has been represented by the relationship between the domains of change and investment in human capital development components. The key assumption underlying the relationship is that improvement in the domains of change will contribute to the development of the human capital items such as skill development and health, bearing in mind the central role of human capital in overall development. Considering the discourse on the importance of human capital development in poverty reduction, beneficiaries who do not experience improvement in human capital would find it difficult to combat poverty. The services such as provision of loans, business and social related programmes are indications that beneficiaries of the programme services are likely to obtain transformation in the domains of change. The traditional type of assessment of effects focus on economic indicators, particularly changes in incomes and levels and patterns of expenditure, consumption and assets. Barnes and Sebstad (2000) maintain that asset is particularly useful as an indicator of impact because the value of asset does not fluctuate as greatly as other economic indicators which are not simply based on an annual estimate.

Generally, microfinance programmes aim at the overall human development of beneficiaries. The principal proponents of human capital (Becker, 1964; Schultz, 1963, 1981), sum up the broader components of human capital as knowledge gained and skills developed, through formal or non-formal means, which enable people to become productive in their livelihoods. Some researchers have conceptualised human capital as knowledge, skills, attitude, ability and behaviour embedded in an individual (Afrane, 2002; Beach, 2009; Frank & Bemanke, 2007). As a result of the multidimensional nature of human capital, various indicators based on literature (e.g. OECD 1998;

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International Adult Literacy Survey (IALS) was adapted. The three main categories of the indicators among adults were skills, knowledge and health power. Building on the theories of human capital, for this study, the indicators were placed into three major groups namely, skills development, health power and enhanced knowledge. These indicators were chosen from the responses due to the high level of ease with which the beneficiaries would understand (Kwon, 2009).

The skills development is achieved through job training and apprenticeship. The health power covers food and nutrition, clothing and health whilst the enhanced knowledge is acquired through organised forum by SAT for talks on topical issues and through group meetings and other social networks. Thus, the conceptual framework sets out to argue that the microfinance concept has developed to expand beyond its traditional role of credit provision to include non-financial and social services in order to increase incomes and to affect the skills development, enhanced knowledge, health power and social lives of beneficiaries.

II. METHODOLOGY

The study used the mixed methods approach which employed both quantitative and qualitative methods and applied the descriptive and cross-sectional survey designs. The study sample comprised 361 microfinance beneficiaries made up of 268 females and 93 males from a total population of 8734 who had been on the programme for at least two years. The sample size assumed a confidence level of 95 percent indicating a margin of error of 0.05 percent. In addition to the sampled beneficiaries, 13 senior officers of SAT comprising Branch Managers and Financial Service Officers from Obuasi, Adum and Ejura branches and the Chief Executive Officer were interviewed as key informants.

Both primary and secondary data were collected The sources of primary data were interviews with individuals, focus group participants, loan officers, branch managers and the CEO. The primary data covered socio-economic background information on beneficiaries. The primary data also gathered information from the SAT staff on the activities and products of the institution. The other source were on-site observation of both the beneficiaries' business activities and SAT activities and the units of observation involved shops, workshops, workplaces and SAT orientation programmes. The secondary sources including journals, books and SAT annual and operational reports were used to buttress information from the field.

Qualitative and quantitative types of data were collected. The qualitative data were collected on the domains of change and how beneficiaries perceived the effects of microfinance services on their human capital development. In addition, it was used to examine beneficiaries' participation in social organisations, awareness creation, self-esteem, children's education, skill development and life enhancing facilities, access to health, food and nutrition. The quantitative data covered data on loan and livelihood types, income, capital, and savings, effects of microfinance on human capital, differences in the human capital development of beneficiaries with different background characteristics, such as years of education, marital status age, sex, size of family, type of business activities. Interview schedules and an interview guide were the main instruments used for data collection. The instruments were pre-tested at the Adum branch and the main field data collection took place from September to December 2012. Data analysis comprised both quantitative and qualitative methods.

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III. RESULTS AND DISCUSSION

A . Socio-demographic characteristics of respondents

Socio-demographic status of microfinance beneficiaries is an important factor that could have implications on their development trend (Afrane, 2002; Leinbach, 2003). These characteristics which comprise sex, marital status, age and level of education have been used in the analysis to discern their effects on human capital development.

1) Sex and marital distribution of respondents: The sex composition analysis revealed that the majority (74.2%) of the beneficiary respondents were females, (Table I). The result supports the finding of Ghalib (2009) that microfinance operations assist mainly women engaged in informal activities. Considering the sex composition of respondents in a study of microfinance which mostly comprise women, (Cheston & Kuhn, 2002) is important for operational purpose and policy formulation. The focus on women is because women are known to be poorer and more vulnerable than men and yet contribute substantially to the socio-economic well-being including human capital development of their households.

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Table I: Sex and marital status of respondents

	Single		Married		Divorced		Widowed		Separated		Total	
Sex	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Female	22	6.1	208	57.6	15	4.2	22	6.1	1	.3	268	74.2
Male	12	3.3	71	19.7	2	.6	8	2.2	0	.0	93	25.8
Total	34	9.4	279	77.3	17	4.7	30	8.3	1	.3	361	100.0

Source: Field survey, 2012

2) Marital status of respondents: Marital status can influence the roles, responsibilities and occupational lives of members and their families (Dennis & Peprah, 1995). It can also have an effect on family budget. Table I indicates that 77.3 percent of the 361 respondents were married while the remaining 22.7 percent were single, divorced and widowed. The percentage (90.6%) of those who had ever married was higher than the national percentage of 58.5 given by the Ghana Statistical Service (GSS) (2008). The higher percentage of married beneficiaries could be due to the dominance of the active population making up the beneficiaries as presented in Table II.

3) Age of respondents: The age of microfinance beneficiaries has been found to influence the activities and decision making in terms of productive ventures and resource allocation in the family. For instance, Gupta and Malhotra (2006) have observed that in many African context, age and sex could influence a person's decision making position in the family.

Analysis of Table II shows that 30.7 percent and 40.2 percent of the respondents were in the age groups of 31 - 40 and 41 – 50 years respectively. Largely, the respondents comprised the economically active population with only 3.6 percent above 60 years. This is in reference to the International Labour Organisation's (ILO) standard for economically active age categorization which is from 15 up to 55 years and the Ghana Statistical Service (2008) standard of between 15 and 64 years.

Table II: Age Distribution of Respondents

Age(years)	Frequency	Percent
21-30	15	4.2
31-40	111	30.7
41-50	145	40.2
51-60	77	21.3
60+	13	3.6
Total	361	100.0

Source: Field survey, 2012

The studies revealed that the ages of the respondents ranged from 21 years to 72 years with a mean age of 43 years. It could be seen from Table II that there were no respondents below 21 years and very few respondents (4.2%) in the age range of 21-30. This could be attributed to the eligibility criteria and the application assessment requirements of SAT, which among others, demand previous business transactions and experiences of beneficiaries making it difficult for people below 20 years to qualify. What is also of interest is the small number of respondent age 60 and above. There are two reasons for this, first it may be due to the fact that most of the businesses of this group have died out or second these businesses are well established that they do not face major financial challenges to warrant microfinance facilities. Ekpe, Mat and Razak (2010) argue that individual characteristics such

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as age affect discovery of entrepreneurial opportunities. Thus, the results as shown in Table II indicate that the beneficiaries were all adults

4) Level of education of respondents: According to Crisp and Turner (2007), the entrepreneur's level of education, skills or knowledge acquired play a role in making decisions and choices. Thus the level of education of beneficiaries could affect their businesses and decision making regarding human capital investment and other priorities. Nader (2008) has observed that microfinance beneficiaries are dominated by people with low educational levels which could lead to inconsistent incomes and asset accumulation.

Table III shows that (51.4%) of the respondents had basic education, followed by 15.5 percent who had no formal education and 15.2 percent who had secondary school education. The commercial and technical levels which have the potential of training middle level technical people had been attained by only 5.5 percent of respondents. The remaining had attained 10.2 percent and 2.2 percent post-secondary and tertiary education respectively.

According to GSS (2012), a person was considered literate if he or she could write a simple statement with understanding. About 71.5 percent of the Ghanaian population aged 15 years and above were literates with the remaining 28.5 being non-literates in 2010.

and could take decisions on their businesses and investment choices.

Regarding the study respondents whose ages were from 21 years, 15.5 percent had no basic education and could not write simple statements with the remaining 84.5 percent being literates. The results show that literacy rate of the beneficiaries was higher than the national average of 71.5 years.

The education status of respondents were studied because the level of education of beneficiaries could affect their businesses and decision making regarding human capital investment and other priorities. Khan and Ali (2004) assert that heads of households who are educated are more likely to prioritize the education of their children more than the uneducated. Fagerlind and Saha (1997) argue that to view formal education as the single most important key to achieve development goals is unjustified since that alone cannot attain the desired goals without proper improvement in the other sectors of human capital development. Besides, the human capital theory has been criticized that at the individual level, it has become controversial as to what extent of education or other forms of human investments are directly related to improvement in occupation and income.

Table III: Educational attainment of respondents

Educational level	Frequency	Percent
No formal education	56	15.5
Basic	185	51.4
Secondary	55	15.2
Commercial/Technical/Vocational	20	5.5
Post-secondary	37	10.2
University	8	2.2
Total	361	100.0

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Source: Field survey, 2012

B. Microfinance services SAT offered to beneficiaries

SAT extended four main financial services to beneficiaries. These are microcredit, compulsory savings and remittance services (SAT, 2008). Loan sizes were estimated as Gh¢716.00, Gh¢1,072.00 and Gh¢4,764.00 for group loan, individual loan and SME beneficiaries respectively (SAT, 2012). Beneficiaries' income generating services cover small scale manufacturing, food and agriculture, trade, education and service.

SAT provided non-financial services such as modest training to its beneficiaries in the area of entrepreneurial skill development, basic accounting principles, individual and compulsory savings, business records keeping, asset and education loans. In addition, it offered education loans for beneficiaries children. Furthermore, it organised regular awareness creation to members on issues such as health, education and spiritual growth. These non-financial services were expected to work together with the financial services to improve education, knowledge accumulation, skills, experience and social networks aimed at improving standard of living. They were directed at the transformational needs

and holistic development of beneficiaries. They were also part of the pragmatic efforts to enhance livelihood development and poverty reduction of beneficiaries.

In addition to the non-financial services to beneficiaries, SAT provided consultancy services to private and public institutions for fees. Thus, SAT do not only focus on financial services to meet the goal of improving lives but also expanded its operations to cover non-financial services for effective operational performance. Additionally, the non-financial services were income generating avenues for the trust. The section that follows takes a closer look at the effects of microfinance services of SAT on human capital development.

C. Effects of microfinance services of SAT on human capital development

Data was gathered through self-reporting by respondents who were asked to indicate their level of ability to acquire enhanced knowledge, health power and skills development after obtaining loans from SAT. The responses are presented in Table IV

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Table IV: Human capital development of respondents

Response Level	Human capital: Enhanced Knowledge Frequency (%)	Health Power Frequency (%)	Skills Development Frequency (%)
Very Low	6(1.7)	2(0.6)	11(3.0)
Low	28(7.8)	4(1.1)	77(21.3)
Fairly High	89(24.7)	48(13.3)	108(29.9)
High	147(40.7)	108(29.9)	115(31.9)
Very High	91(25.2)	199(55.1)	50(13.9)
Total	361(100.0)	361(100.0)	361(100.0)

. Note: Percentages are in parentheses
Source: Field survey, 2012

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Generally, health power was rated very high (55.1%). The provision of health education by SAT seems to be acceptable by their beneficiaries. Beneficiaries indicated that the generally high improvement in their health could be attributed to the health education and encouragement from loan officers to acquire National Health Insurance Scheme (NHIS) cards for beneficiaries. This indicates that the beneficiaries were able to support good health by paying for medical care and bills from their incomes. Mahjabeen (2008) has indicated that in providing financial services, MFIs typically provide basic education, health, hygiene, child immunization, disease prevention and environment to beneficiaries.

Respondents also indicated that the most successful aspect of the health education has been the talks on preventive health care, particularly how to reduce the incidence of malaria. This finding is in consonance with Maldonado, González-Vega and Romero's (2003) observation that financial services facilitate consumption smoothing and provide opportunities for the management of risk, thereby reducing the vulnerability and risks associated with poverty (Adjei, Arun & Hossain, 2009). The results suggest that beneficiaries had achieved enhanced knowledge by reporting high (40.7%) and very high (25.2%) respectively. This means that the microfinance services have enhanced the knowledge of the respondents. Programmes such as awareness creation on all manner of topical issues including nutrition, home keeping, government and policies have been beneficial.

About 1.7 percent of respondents indicated that their enhanced knowledge was very low whereas 7.8 percent stated low. Generally, the result of the study is consistent with the conceptual support which alludes that microfinance services can enable beneficiaries to enhance their knowledge.

According to Becker (1964) and Jayachandran and Lleras-Muney (2009), skills development enables people to have productive and meaningful lives with better income and improved living standards. The results show that, 29.9 percent and 31.9 percent of the 361 respondents indicated that their skills development had progressed fairly high and high respectively. The results admit that micro finance services of SAT facilitate skill development, enhanced knowledge and health power as indicated by the conceptual basis. Key informant interviews further portrayed that in some instances, the goals of donors can influence the project direction and reported that some foreign companies give out loans at lower interest rates to the microfinance companies and are therefore obliged to meet their goal of achieving human capital. The key informants indicated that, local support for the microfinance companies was missing.

Further analysis on the views of individual and group loans is presented in Table V and the results show that both the individual and group loan beneficiaries indicated their human capital development as fairly high (32.9 percent and 30.7 percent) and high (45.5 percent and 38.5 percent) respectively. However, the higher ratings by the group beneficiaries indicated a somewhat generally high improvement of about 95.8 percent with the rest indicating that their human capital development as a result of the microfinance services was low. The results as shown in Table V also suggest that the respondents were conscious of human capital as an important asset for investment. Implicitly, the responses were reflective of what they had achieved and that enhanced knowledge, health power and skills development were suitable proxies for the broader definition of human capital theory

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Table V: Individual and group-based beneficiaries' views on level of human capital development

Level	Beneficiaries				Total	
	Individual		Group			
	Frequency	%	Frequency	%	Frequency	%
Very low	3	2.1	0	0	3	0.8
Low	18	12.6	9	4.1	27	7.5
Fairly high	47	32.9	67	30.7	114	31.6
High	65	45.5	84	38.5	149	41.3
Very high	10	7.0	58	26.6	68	18.8
Total	143	100.0	218	100.0	361	100.0

Df = 1; Chi-Square= 0.000

Source: Field survey, 2012

Table VI: Respondents' views on human capital development by branches

Indicator	Branches	Responses					χ^2	Sig.
		Very low	Low	Fairly high	High	Very high		
Skills development							'0.587	0.000
	Adum	9(2.5)	41(11.4)	30(8.3)	40(11.1)	6(1.7)		
	Obuasi	0(0.0)	31(8.6)	26(7.2)	51(14.1)	28(7.8)		
	Ejura	2(0.6)	5 (1.4)	52(14.4)	24 (6.6)	16 (4.4)		
Health							33.961	0.000
Power	Adum	2(0.6)	3(0.8)	15(4.2)	41(11.4)	65(18.0)		
	Obuasi	0 (0.0)	1(0.3)	6(1.7)	42(11.6)	87(24.1)		
	Ejura	0 (0.0)	0(0.0)	27(7.5)	25 (6.9)	47(13.0)		
Enhanced							50.250	0.000
knowledge	Adum	6(1.7)	15(4.2)	33(9.1)	56(15.5)	16(4.4)		
	Obuasi	0(0.0)	12(3.3)	20(5.5)	51(14.1)	53(14.7)		
	Ejura	0(0.0)	1(.3)	36(10.0)	40(11.1)	22(6.1)		

Note: Percentages are in parentheses

Source: Field survey, 2012

Comparatively, the individual beneficiaries portrayed the human capital development rates in a slightly descending order, illustrating the very highest rate as 7.0 percent. Some of the reasons for the largely, higher rating by the groups were that the members became 'suddenly' aware of new opportunities and outlook from group interactions and socialization to develop since most of them came in with relatively lower human capital asset. In addition, they benefited from the regular trainings and could borrow from the educational loans and other welfare loans to support their human capital development needs. The Chi-Square result of .000 depicts that the differences in terms of loan types is significant.

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In Table VI, Chi-square tests of disaggregated data of the branches show that except for health power which the branches indicated very high (13.0% to 24.1) across the scales, responses for the other indicators show that the skills development and enhanced knowledge have been generally fairly high and high. However, in as much as the responses show variations within the levels and between the branches, the results are significant at a p-value of .000 across the responses.

It is important to note that focus group discussions indicated that there could be negative impacts of the microfinance services on human capital. These negative impacts could emanate from over work to pay back loans, increased economic activities and effect on beneficiaries' leisure time to participate in the process of human capital development. A discussant indicated that she needs to work hard to make money to meet her loan repayment requirements and that reduced her participation in social activities and other functions which invariably led to the very low acquisition or deterioration in her human capital development.

V. Conclusion and Recommendations

The focal point of this paper was to highlight the effects of microfinance services on human capital development of beneficiaries in Ghana. Analysis of the results indicated that majority of microfinance beneficiaries were females and majority of beneficiaries fall within the economically age range of 15 to 55 years. About 50 percent of study beneficiaries have had formal education up to the basic level. Analysis presented a general pattern that, microfinance services enabled beneficiaries to improve on their knowledge, skill development and health power which comprise human capital development indicating a general positive relationship between microfinance concept and human capital theories.

It is recommended that beneficiaries should be encouraged to prioritise and incorporate human capital development in their socio economic lives and ensure they participate in opportunities created for accumulation of human capital. In addition policy makers and microfinance umbrella institutions should provide measures to track the human capital development efforts of beneficiaries and motivate beneficiaries who pursue it.

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Novelty in the publication

1. Harmonising skill development, enhanced knowledge and health power to measure human capital development of beneficiaries' majority of who were not of school going age is quite new in microfinance impact studies. The study has therefore addressed the gap in literature concerning the lack of empirical evidence regarding the relationship between microfinance concept and human capital

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theory. Highlighting the critical nature of non-formal forms of human capital, aside the common indicator which has been formal education, is a fairly new addition to knowledge. The non-formal indicators such as apprenticeship training which form part of skill development and enhanced knowledge, usually accumulated through social programmes aimed at awareness creation, has not been studied in Ghana.

2. The study has delved into the broader activities of contemporary microfinance institutions by analysing the effects of microfinance services on the human capital development of SAT beneficiaries. These comprised identifying a relationship between the SAT services and beneficiaries skill development, enhanced knowledge and health power.
3. The study has enhanced the knowledge on the changing concept of microfinance. Microfinance services can no longer be restricted to financial schemes. The broader spectrum of microfinance services and the respective role on the human capital development of beneficiaries has been established by the study. This has contributed to literature by demonstrating how microfinance promotes human capital development

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