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Supervisor: Per Nordqvist
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**COMMERCIALIZING A MICROFINANCE INSTITUTION TO MAXIMIZE
PROFIT**
(A STUDY OF THE SINAPI ABA MICROFINANCE INSTITUTION-GHANA)



Author:
Daniel Allotey-770929

ABSTRACT

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Author: Daniel Allotey
Stångjängsgatan 358
724 77, Västerås
Sweden

Tutor: Per Nordqvist

Title: Commercializing a microfinance institution to maximize profit
(A study of the Sinapi Aba Microfinance Institution-Ghana)

Background: Microfinance is one major approach to offering financial services to the majority, (mainly poor people) in developing countries. Traditionally, most of these institutions largely operate based on support by international donor agencies. Research into this field has shown that a microfinance institution has the ability to maximize profits by commercializing its services.

Problem: The research problem is to find out how the Sinapi Aba Microfinance Institution, (Ghana) can maximize profits as a result of commercialization of operations.

Purpose: The main purpose of this research is to illustrate to the Sinapi Aba Microfinance Institution how it could maximize profits through the commercialization of its operations.

Method: The research is a study that uses the qualitative approach. Relevant information for the theoretical background and the Sinapi Aba has been organized through primary and secondary data search. The primary data is based on a telephone interview with Mr. Opata Narh, managing director at Sinapi Aba Microfinance Institution in Oda, and a questionnaire sent through an attached e-mail to Mrs. Georgina Ocansey, the human resource manager to solicit her opinion on the same subject. Information's were also gathered from the institutions home page. The secondary data was sourced from books and articles from the Mälardalen University library and internet sources within this field of study.

Conclusion: In an effort to illustrate to the Sinapi Aba Microfinance Institution how it could be self sufficient through profit maximization, the author was able to base his argument on the theories used in the frame of reference in connection with the findings obtained from the telephone interview, questionnaire and the institutions home page. This also helped the author establish the fact that the Sinapi Aba Microfinance Institution can maximize profit through the commercialization of its services. Profit maximization could therefore be achieved by developing its human resources, mobilizing savings, supervision and regulative mechanisms and finally marketing and competitive positioning.

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1. INTRODUCTION

In this chapter the introduction of the topic will be presented, which will then be followed by the research problem, purpose, target group, limitations and definitions for commonly used terms. This is to give a fundamental grip of what the problem is and the purpose of the report right from the onset.

1.1 Choice of topic

The author's interest in this topic was facilitated by the realization that microfinance is one of the ways of reaching out to the majority, especially the poor in developing countries like Ghana. Furthermore, the increased need for the microfinance institution to maximize profits which would enhance more customer reach.

1.2 Background of the Study

Microfinance as defined by Steel et al (2004, pp 1) refers to small financial transactions with low-income households and micro enterprises (both urban and rural) using non-standard methodologies such as character-based lending, group guarantees, and short-term repeat loans. A typical example is the evolution of the microfinance era of the Grameen foundation and the Mohamed Yunus concepts which is of the view that the microfinance institution can grow and expand its services to further support those without financial services within a particular society, Yunus (2003, pp 142-43).

Fernando, (2006, pp 134) also emphasized that what makes the microfinance scheme a "noble" approach is that in an attempt to reach out to more people, it can commercially maximize profits to support these objectives. This means that as an institution, it has the potential to facilitate a core objective of been financially self sufficient and at the same time deliver to the larger market. Commercialization of the activities within a microfinance institution was explained by Ledgerwood et al (2006, pp 15-23) as the application of market-based principles and to the "movement of the heavily donor-dependent arena into one which the institution manages on a business basis". They further stated that a typical example of a microfinance institution aiming to commercialize is that it should be able to intermediate deposits from the general public and should be willing to coordinate internal functions in an efficient manner.

Furthermore, according to The World Bank report (2001), substantial growth of the Ghanaian microfinance institutions is important because it has become a major means of financial sourcing for the majority, especially poor Ghanaians. The Sinapi Aba Microfinance Institution which is under discussion is a typical example of microfinance institution and considered among the first three on the Ghanaian microfinance scene. However, based on the author, s initial search from the institutions homepage and other sources, it was realized that it has not fully commercialized its services to maximize profits. The Sinapi Aba Microfinance Institution is still largely dependent on donor support. The reader must also be informed of the fact that the idea of this research is not to create an ideology that the institution is not making any efforts in terms of profits but rather to illustrate how the Sinapi Aba Microfinance Institution current profit levels could be increased or in other words, for the sake of this research, be maximized.

1.3 Problem Discussion.

The main problem area is from the view that microfinance is seen as an important tool in reaching out to the majority in mainly developing countries and thus must involve increasing profit activities. Sinapi Aba Microfinance Institution seen as one of the major microfinance institutions in Ghana could maximize profits through the commercialization of its services. At the moment, this institution is engaged in loan delivery which is normally repaid with an interest. This also includes the fact that the institutions current profit level as will be explained later is dependent on donations and at a minimal rate from the small interest paid on the loans acquired by the poor customers.

1.4 Problem Specification

The research problem is to find out how the Sinapi Aba Microfinance Institution, (Ghana) can maximize profits as a result of commercializing its operations.

This includes how the institution can increase its current profit making efforts by enhancing its human resource management, mobilizing of savings, supervision and regulation mechanisms and competitive positioning

1.5 Purpose of the Research.

The main purpose of this research is to illustrate to the Sinapi Aba Microfinance Institution how it could maximize current profits through the commercialization of its operation.

1.6 Target Group

The main target group for this research is the management of the Sinapi Aba Microfinance Institution so as to give an insight on how it could commercialize its operations to maximize current profits.

1.7 Limitations of the Research

The focus of this research is profit maximization as a result of commercializing operations of the Sinapi Aba Microfinance Institution. This includes ascertaining the institutions profit making efforts based on its human resource, mobilizing of savings, regulation and supervision and competitive positioning.

The author is however aware of the fact that the institution is already engaged in operations that could yield a certain level of profit but for the purpose of this research, the focus will be confined within the frame of reference.

1.8 Definitions.

- Microfinance as defined by Steel et al (2004, pp 1), refers to small financial transactions with low-income households and micro enterprises (both urban and rural) using non-standard methodologies such as character-based lending, group guarantees, and short-term repeat loans.

- **Microfinance Institution:** This refers to an organization either private or public or both that supplies microfinance services
- **Savings Mobilization** according to Ledgerwood et al (2006, pp 3-17), describes the ability of a microfinance institution to create a deposit taking account which can increase the number of clients served, improve customer satisfaction and retention, and improve loan repayment.
- **Micro Loans** refers to a small loan made by microfinance and other small finance institutions trying to assist the poor in society. Micro-loans are usually smaller than regular consumer loans that a typical bank would make, and usually have a lower interest rate, as sourced from a journal by Takehana (2007)
- **Poverty:** This describes a person who is hungry, insecure and powerless. Over a billion people in the world are said to live in extreme poverty. Men, women and children who try to survive on less than a dollar a day are usually included in the category of the poor, as stated by the Swedish International Development Cooperation Agency (Sida, 2005).

1.9 Thesis Layout

The thesis layout, in other words the work process for this report starts with the problematization and the purpose. The methodology and the Ghanaian economy are also presented. The problem and the purpose are linked to appropriate theories in the sixth chapter which is then used to determine and analyse the situation at the Sinapi Aba Microfinance Institution and some few recommendations made. Strategic guidelines are derived from the research as an illustration to help the Sinapi Aba Institution in a process to maximize profits as a result of commercializing its operations. This will be illustrated with a diagram below.

The structure below is an illustration of the working process for this report

Thesis layout

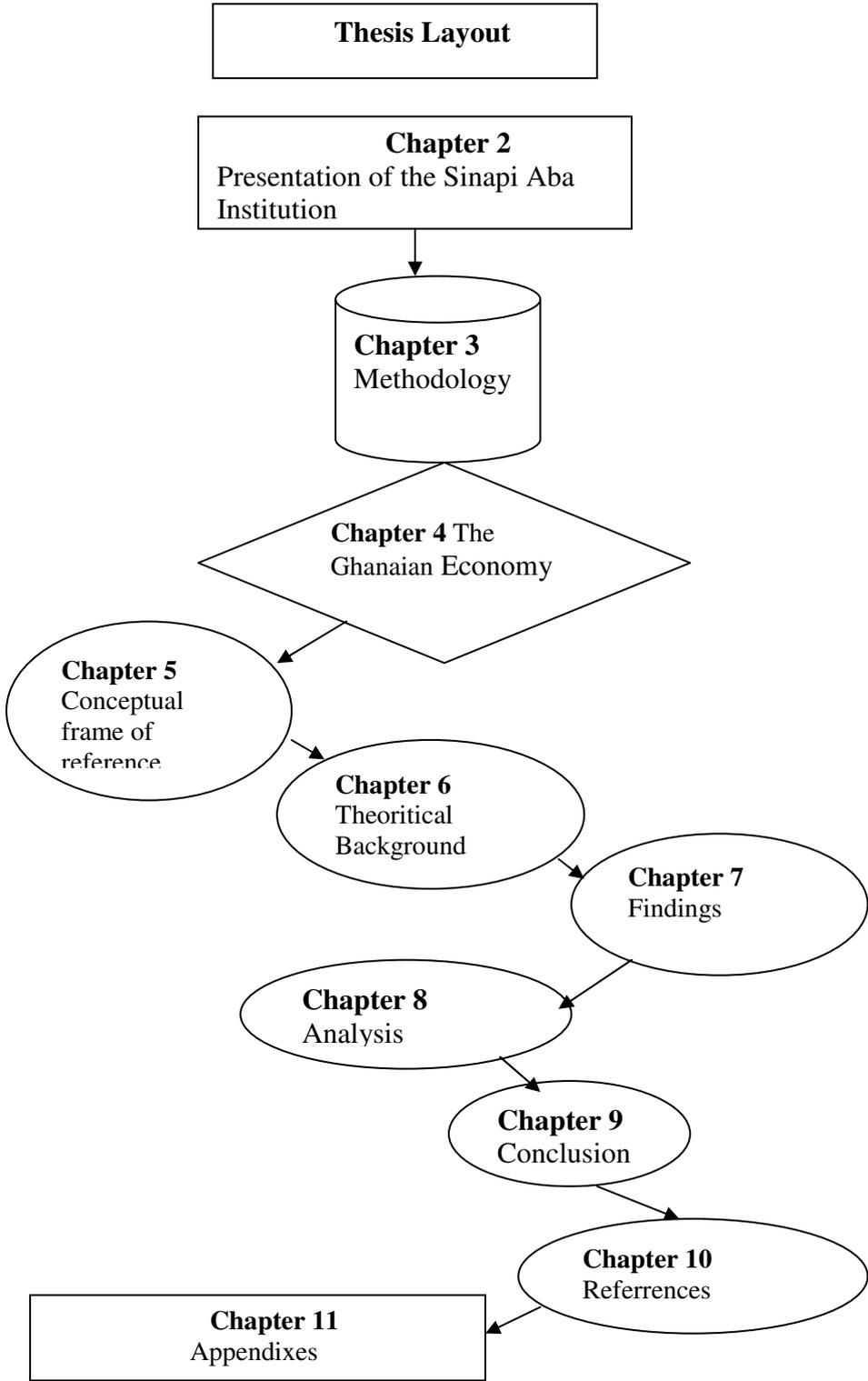


Fig.1
Source: Self created

2. PRESENTATION OF THE SINAPI ABA MICROFINANCE

In this chapter the Sinapi Aba Microfinance Institution is introduced with respect to its activities or functions, personnel and customer base.

The Sinapi Aba microfinance institution was established in May 30th 1994 with the name borrowed from the bible which is the local name for the mustard seed, and which relates to the rate and commitment of the institution in providing financial assistance. It believes that these funds will be managed with commitment, integrity, honesty and hard work. The Sinapi Aba has 18 branches in all 10 regions of Ghana with over 51,000 clients served. As at the end of December 2006, the total value of loans stands out at 169, 47 billion Ghanaian cedis. The Institutions operations are largely determined on the support of donor organizations such as the IMF and the Opportunity International, (Sinapi Aba home page). The Opportunity International is an International organization engaged in supporting microfinance enterprises in over 40 countries with head quarters in Oak Park, IL, USA.

2.1 Staff

According to the institutional profile at the end of 2007, the Sinapi Aba Microfinance Institution had about 192 employees with expertise in rendering financial services basically in the remote areas of Ghana, (Sinapi Aba annual profile, 2007).

2.2 Customer Base

As stated earlier on, the institution has over 51,000 active customers consisting mainly of individuals and small businesses into areas such as manufacturing, the food industry, agricultural sector, small trade industry and the service industry as sourced from the (Sinapi Aba annual profile 2007, pp 21). Branches are centred in remote locations of the country where these entrepreneurial skills and knowledge are given. Operations have been consistent for the past decade and in collaboration with an international stakeholder such as the Opportunity International, its operations have been consistent (Sinapi Aba home page)

2.3 Credit acquisition

When a loan is issued, the institution ensures that these loans are efficiently used with proper monitoring systems. The Sinapi Aba Institution aside its regular operations are involved in offering accounting services to other small financial institutions. Business records keeping is an additional service rendered to the poor customers who cannot read or write. Personnel are allocated to aid these customers in managing daily financial affairs.

2.4 Customer care

This is a general attention given to the customers in terms of close monitoring to ensure that the loans given are into active ventures. The institution is also specialised in impact assessment and monitoring of the client in the form of loan retention procedures and the client satisfaction, advisory services and microfinance related subjects.

2.5 Loan Categories

Below are the various types of loans issued by the Sinapi Aba Microfinance Institution.

2.5.1 Group Lending

These are loans given to market women, fishermen or any other active group willing to venture into business. Repayment is made in instalment and it is normally within six months. Loans issued per client can be as minimal as 70 dollars, (The Sinapi Aba home page).

2.5.2 Individual Lending

This is a loan made available to individual customers such as small scale business owners and entrepreneurs. The difference here is that unlike the big institutions, collateral is not much emphasised in this case. Basically, the main customers for this type of lending are farmers, tailors, carpenters, traders, hair dressers and many other petty traders who need just a small amount of money to start up or grow a business. The large businesses are not their target at the moment, (the Sinapi Aba home page).

2.6 Social responsibilities

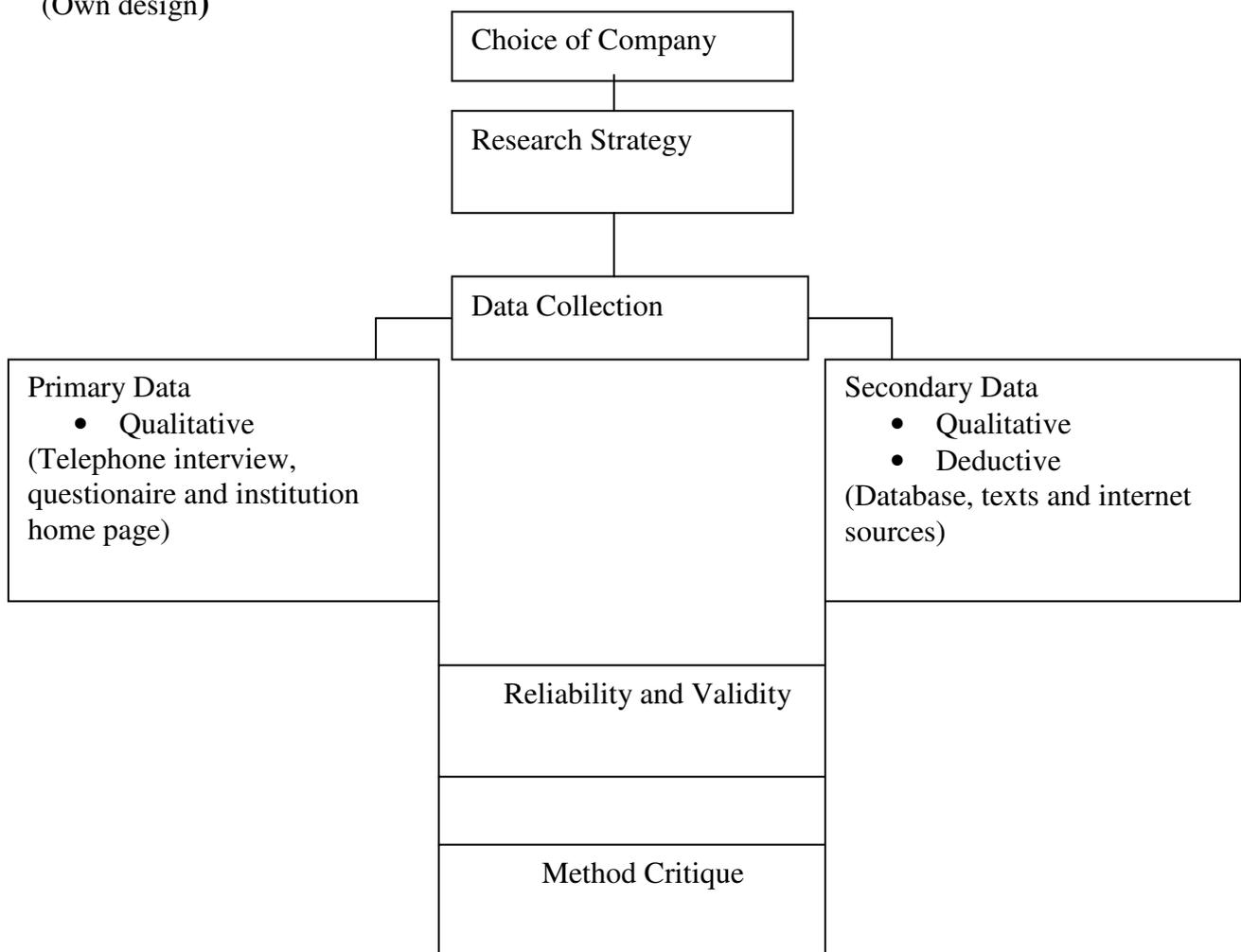
The organization engages in social activities aimed at educating the poor on how to be resourceful. This is done in collaboration with specialized institutions in Ghana such as the Planned Parenthood Association (PPAG) and other agencies to educate their clients on the basis of a good business culture. They are also involved in educating families within rural areas on health and other social related issues. In collaboration with the above mentioned institutions, it has taken social initiatives to educate the society of the dangers of HIV and other sexually transmitted diseases as well as community developmental programmes, (Sinapi Aba profile, 2007 pp16). The institution maintains the slogan that credit for its customers must include education into these social issues (The Sinapi Aba home page).

3. METHODOLOGY

3.1 Introduction

This section presents the research strategy and the collection of data. A description of the development of the thesis or research is presented followed by a discussion describing the process of data collection used.

Fig. 2 Research method
(Own design)



3.2 Choice of Company

The author's decision to write on this institution is based on an interest in the microfinance field which is becoming more important in developing countries such as Ghana. Furthermore, the Sinapi Aba Microfinance being amongst the top microfinance institutions in Ghana has not fully commercialize profit maximization as sourced from the institutions home page, (Sinapi Aba home page). The initial idea was to look at this from the customer as well as the institutions perspective but since that will involve more work, the author decided to narrow it down to the institutions operations or activities. This thesis could however be seen as an empirical investigation into the activities of the Sinapi Aba microfinance Institution and make an illustration of how it could maximize profits through the commercialization of activities.

3.3 Research Strategy

According to Bryman (2004, pp.19) the field of research is wide and broad. However, many writers in methodological issues distinguish between two main categories in research methods, namely quantitative and qualitative research. It is argued that these two categories differ with aspects to their foundation as well as other aspects, such as the connection between theory and research. In this chapter, the author will present how the selected topic is going to be treated in relation to the literature collected, the kind of method used and how it is intended to be used to come up with a good and credible analysis and conclusion.

3.3.1 Quantitative Research

Quantitative research strategy is described as a research very objective and distinctive research strategy where the procedures consist of involving numerical and statistical data. The study portrays a view of the relationship between the theory or hypothesis and the empirical research through the gathered numerical data, Frankfort-Nachimas et al (1996, pp.554). Due to the nature of quantitative research strategy, the research deals directly with the manipulation of empirical variables, prediction and testing.

The quantitative research strategy usually contains the following elements as stated by Wilson (2003, pp.120):

- The data is more structured and less flexible than qualitative research.
- The quantitative strategy tends to include larger samples of individuals than would be used in qualitative.
- The comparisons between results are easier to perform.
- The gathered data provides answers that can be quantified in their extent.
- The final analysis is usually statistical and very objective in nature.

3.3.2 Qualitative Research

Saunders et al (2007, pp 409) stated that a qualitative research strategy must present the real picture and attempt to offer distinctiveness and quality to readers. Wilson (2003, pp 92 f) also stated that a qualitative research is normally commenced using mostly unstructured research approach with a small number of carefully selected individuals to construct non-statistical insights into behaviour, motivations and attitudes. The different base emphasis between

quantitative and qualitative strategy is the priority accorded to perspectives of those being studied, along with a related emphasis on the interpretation and understanding of the observations in accordance with the subjects own understandings.

The qualitative research strategy usually consists of the following key components as stated by Mason (1996, pp.5):

- Although the research study should be systematically and thoroughly constructed, the data gathering process is less structured and more flexible than quantitative research.
- The researcher should involve critical self-scrutiny and flexible than quantitative research.
- The study usually involves small samples of individuals who are not necessarily representatives of larger populations, although great care should be taken in the selection of respondents.
- Qualitative research should present explanations rather than measurement to questions.

The report at hand is based on an illustration to the Sinapi Aba microfinance on how it can commercialize its operations to maximize profits. This report could therefore be perceived as a qualitative research method because it enables the researcher to have an in-depth discussion and analysis. A telephone interview was conducted with Mr. Opata Narh, managing director at the Sinapi Aba Microfinance branch in Oda, Ghana to elicit information's on the institutions activities and efforts to maximize profits. On a further note a questionnaire was sent to the same person for a confirmation of what has previously been discussed on the telephone. And finally, information was sought from the institutions home page. This enabled the author to look into all the areas of the topic at hand and give a thorough understanding.

3.3.3 Deductive versus Inductive Research Design

Bryman (2004, p.8), states that a deductive approach studies theory in relation to social research whilst an inductive theory when been carried out begins with observations and findings which leads to the theory. This report is based on existing theories and therefore there is no intention to create completely new theories however, an attempt will be made to adjust these theories to the situation at the Sinapi Aba Institution in assessing its profit maximization efforts. It could also be said to be a deductive research approach because the area falls under social research.

3.4 Data Collection Processes

Data for this thesis or research was collected by both primary and secondary data

3.4.1 Secondary Data

By definition, secondary data consist of information that has previously been constructed. Secondary data may come from many different forms, some of which include books, articles, reports, organizational internal records, electronic databases and internet, Husey et al (1997, pp.57). Furthermore, it gives the researcher an insight to see more clearly how the research at hand relates to previous research, Saunders et al (2007, pp 74). Regarding an interesting and growing area like microfinance in Ghana, practical experiences were collected through the use of a telephone interview and questionnaire.

The models designed for the theoretical section for this research is based on existing primary information's. Furthermore, these models are provisions made so that it serves as a support or guideline to adjust to the situation at Sinapi Aba Microfinance Institution. The literature sources range from articles and journals from search engines of the Mälardalens University such as elin@malardalen coupled with databases such as jstor, libris, and emerald which has relevant information's were useful. Moreover, the basic search engine, Google served as a base for information with common words such as microfinance savings, profit maximization and commercialization were often used. In addition, relevant books published on line were of a great reliance. According to Saunders et al (2003, pp 201-202), the advantages of using this source of data is that resource are saved, in particular, time and money.

3.4.2 Primary Data

Firsthand information collected for a study or research is known as primary data. This could be through interviews, researcher's observation of events for example field events and records written and kept by people involved in, or who bear witness to an event (Burns B.R,2000 pp 485).The primary data used in this study is based on an interview, questionnaire and the institutions home page. The interview was structured, meaning that the interviewer already knew what kind of information was needed and therefore had already preset questions for the interviewee. Interviews can be conducted through interactive methods, such as personal or telephone interviewing, or with no direct contact (between the interviewer and the interviewee) delivered by post, by hand or by electronic means. The use of Internet has resulted in the development of email and web-based surveys which have the advantage of being cheap and fast with the potential of reaching a large number. The interview for the thesis was conducted via telephone with the managing director of the Sinapi Aba Oda branch and also set of questionnaires attached through an e-mail to the human resource manager to solicit her opinion and as a confirmation of what has already been discussed in the telephone conversation. The institutions home page also served as a source of primary data.

The author is however aware of the fact that a face-to-face or a personal interviewing method has the advantage of convincing the respondent that the research and the interviewer are genuine. It can also motivate a respondent to take part and answer difficult questions because there is face-to-face interaction. Unlike personal interviews, telephone interviews do not need to be located near the respondents and interviewer travelling time and expenses are eliminated. The telephone has an advantage of reaching people who otherwise may be difficult to reach, such as business people travelling around. The other major benefit of telephone interviews is speed because they are normally much shorter than face-to-face interviews.

3.4.2.2 Telephone Interview

A telephone interview was conducted with Mr.Opata Narh, managing director at the Sinapi Aba Microfinance Institution, Oda to solicit his opinion on efforts of the institution to maximize profits as a result of commercializing operations. This has also been accordance to the aim of the research.

3.4.2.3 Questionnaire via e-mail

A set of structured questions were sent to Mrs. Georgina Ocansey, the human resource manager to solicit a second opinion of what the institution is doing regarding profit maximization which is linked to the topic under discussion. This was also done to confirm what had already been discussed on the telephone.

3.4. 3 Reliability and Validity

Reliability refers to the degree at which if research is carried out in the same manner will provide similar results i.e. if the same instruments are used to research the same individual but on two different occasions the end result should be the same. The difficulty in establishing replicable study is that it could be hard to determine whether the individual and other factors during the different occasions have not changed Easterby-Smith M et al(1997 p. 121). The main concern is whether different researchers can gain the same observation on different occasions Easterby-Smith M et al, (1997 p. 41). Reliability is also an aspect that is concerned with findings of the research and one aspect of the credibility of the findings. The higher the reliability, the better the evidence and conclusions can stand up to scrutiny, Husey et al (1997, pp 57).

In the case of this report, similar researches into the microfinance field were of a great importance to have a good judgment and served as a guideline. Validity on the other hand focuses mainly on whether the research's attributes really measure what they set out to measure Easterby-Smith M et al, (1997 p.121). Internal validity in research means that a study has to establish the factors that cause a difference in behavior. Because of the authors' desire for a reliable research work, much scrutiny was done to obtain the right materials and information which the author thinks are reliable and valid. Data was collected from a number of scientific researchers in support of the frame of reference. The telephone interview and questionnaire collected from the Sinapi Aba Microfinance Institution was done with key people responsible for corporate decision making. The author believes therefore that, the information obtained was true and accurate.

3.4.4 Method Critique

The interview conducted was via telephone which is not the most favorable method of carrying out an interview. Face-to-face interview would have been the most favorable and avoid doubts and criticisms from a third part. The questionnaire attached via an email to just the human resource manager gives a limited view of the institutions internal processes and the entire microfinance industry in Ghana as such. This means that this research work cannot be used to generalize the idea that all microfinance institutions do not have the appropriate profit maximization methods.

4. THE GHANAIAN ECONOMY

4.1 A Brief Background of the Ghanaian Economy

The country Ghana is located on the West Africa's Gulf of Guinea, a few degrees north of the equator with current projected population of 20 million, Steel et al (2003 pp 2). Its economy is considered viable and a favourable environment for business operations owing to its richness in resources such as minerals, timber and cocoa. Ghana is focused on poverty reduction as a core of its development strategy with the introduction of the vision 2020, an institutional arrangement to promote and analyse poverty reduction in all 10 regions of the nation.

4.2 Economic Indicators

Its gross domestic product (GDP) is about 5.9 billion US dollars with 1,980 dollars per capita income as at 2002. GDP growth rate is about 5.2% stated by government as at 2004. Its economic sector is composed of 36% in agriculture, 25% in industry and 39% in services. Its economic status was ranked at 102 in the world. Inflation rate falls within 20% to 29.6 %, jan.2004, with interest rate of 26%. The labour force is composed of 60% in agriculture, 15% in industry and 25% in services, Buchs et al (2005). The high level of its labour force in the agriculture sector indicates the level of poverty since the sector is basically made up of peasant farmers with very low income levels. It also has an enormous financial aid from the international bodies like the international monetary fund (IMF) and other donor agencies as sourced from the International Monetary Fund.

4.3 The legal environment

Ghana has legislations and regulations governing financial organizations and is mainly operated under the supervision of the Bank of Ghana, the central bank of the nation. Liberalization of the Ghanaian financial sectarian policies has enabled microfinance institutions to develop with relatively little interference from the government, Thierry et al (2005, pp6). For these institutions, the minimum per capita requirement to the central bank could be from two million dollars. The government in conjunction with major donor organizations have been working hard to develop the micro economic sector which is seen as the backbone to rural development and national economic growth. It has therefore taken a participatory position in restructuring the sector.

4.4 The Ghanaian Banking Environment

According to Steel et al (2003,pp3-9),Ghanaian financial sector consisted of seventeen banks as at the end of 2002. There were nine commercial banks, five merchant banks and three developmental banks. The three largest commercial banks comprised 55 % of total assets of the banking sector. However, about 25% of total assets and 20% of deposits are held by a single state-owned commercial bank, the *Ghana Commercial Bank* (GCB). The developmental banks which focus on medium-and long-term financing and corporate banking respectively, together share about 30%. About 35 % of bank branches are in the greater region even though this region represents less than 13% of the country's population Steel et al (2003 pp 2). There

are also about five small commercial or rural banks and then the microfinance organizations which operate at a minimal level basically in the remotest part of the country.

The Ghanaian banking system is characterized by relatively large number of banks with a wide mix in ownership and differences in the clientele base (basically high income earners), unlike the microfinance institutions with clientele base mainly poor.

This also means that the larger population have limited access to these major institutions. It is however estimated that microfinance institutions occupy about 5 to 6 percent of the total financial profits. However; the large financial institutions serve just about 5% of the entire population.

5. CONCEPTUAL FRAME OF REFERENCE

This chapter will explain the various concepts or theories used in the thesis and its applicability to the research at hand. This means that it will throw more light on the selected theories, in line with achieving profit maximization opportunities for the Sinapi Aba institution.

5.1 Choice of Concepts

In an attempt to illustrate how the Sinapi Aba Microfinance Institution can develop its existing operations to maximize profits, a search for theories related to the topic and considered relevant were chosen. The selection and the development of these theories are based on similar writings in the microfinance field by Joanna Ledgerwood and Victoria White (2006) strategies of “Transforming Microfinance institutions”. The question of how the Sinapi Aba Microfinance Institution could increase profits and reach out to more customers was then considered appropriate questions for the research topic with corresponding theories used. The theories chosen are expected to enhance the current operations of the Institution to increase profits and which has an effect on more customer reach. The theories that were derived based on the purpose of this report are summarized.

The diagram in fig.3 below is an assumption of a microfinance institution set-up with an interpretation of the various concepts (in blue) influencing its operations, then the institution (in the red colour)

The concepts

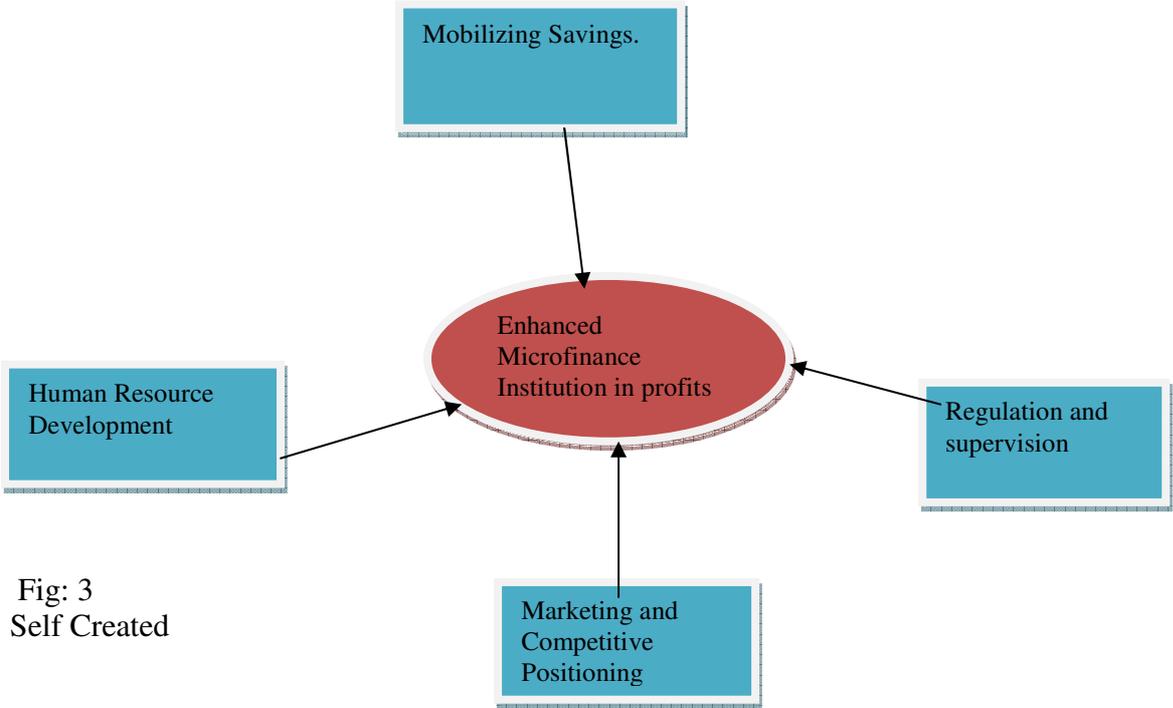


Fig: 3
Self Created

The shaded portion in the middle is the institutional set up consisting of its network of activities. The portion with the human resource development relates to the institutions efforts in potentially utilizing its human resource department. This could be interpreted to be where the institution invests into its human capital in anticipation of profitable feedback. The portion with the marketing and competitive positioning simply explains the institutional efforts in effectively employing certain marketing strategies that will enhance its profit maximizing efforts. Key to this are for instance, its sales personnel efforts and the introduction of new ways of reaching out to more customers, both the low and high income earners.

The increase in customer categories is expected to have an effect on the institutions cash inflow. For instance, where more high level earners are targeted, there is a possibility of increase in cash inflow. The portion with the effective supervision and regulation is a managerial tool which will reduce the loss of profits and increase employee performance. It is also expected to control internal malpractices such as theft and fraud. The part with mobilizing savings represents the institutional efforts in moving away from its traditional way of only accepting deposits and develops new ways such as accepting deposits in the form of savings. This is one main concept that can increase the institutional cash inflow because; the institution can accumulate capital and engage in diverse saving accounts that can yield interest to support its activities. This simple analysis of the diagram is a guideline to support the Sinapi Aba in increasing profits and reaching out to more customers.

6. THEORITICAL BACKGROUND

This section of the report focuses on the various theories which will be used in connection with the findings to analyze the various operations at the Sinapi in connection to the subject matter.

6.1 Human resource development

According to Ledgerwood and White, human resource could be seen as one of the focal point of the microfinance institution. They further explained that without an effective human resource operations, organizational activities will malfunction, Ledgerwood et al (2006, pp 273-4). It could also be noticed that for most institution to achieve maximum profits, human resource management must be effective. Human resource could also be perceived as a critical position to identify variables that may affect individual and organizational performance as stated by Swanson et al (2001, pp 4). For a microfinance institution, the human resource department can play significant roles such as daily internal and external routines, employee management and many valuable human resource activities. This element of change is brought about for the purpose of not only the institutional development but also on employee development and even customers. Research conducted on the Ghanaian business environment shows that most employees perform way below the required level due to inadequate management practices such as lack of motivation and appraisal Glewwe (1996, pp 267-290). The human resource department is responsible for employee management which can be a major drive for total institutional profit and large market reach.

Human resource model

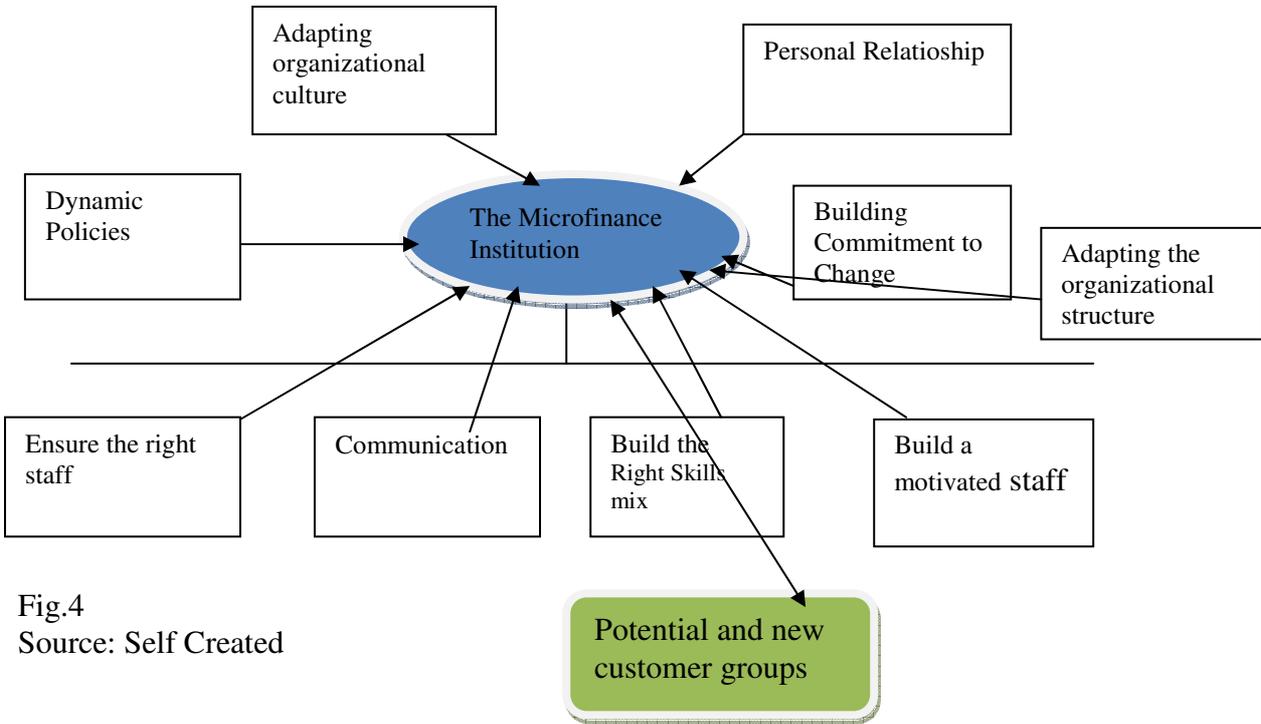


Fig.4
Source: Self Created

These variables can be developed to achieve an effective human resource delivery.

6.1.1 Adapting the Organizational Culture

A microfinance considering efficient operation must express concerns in significantly changing the corporate culture and enforcing dynamism. Basically; the institution must have set routine practices which must be based on effective delivery of the financial services.

Staff for instance must be motivated by the need to reach out to larger customer size and also engage in profitable routines. Management must be encouraged to deliver the best to ensure institutional success and avoid failures or inadequacies, Ledgerwood et al (2006, pp 274). There must also be good interpersonal relationships amongst staff at all levels.

6.1.2 Personal relationships

A microfinance institution must ensure that employees are given the right tools for maintaining good customer relationship and retention while seeking new groups. Employees on the field must be able to educate the customer on the various ways of achieving financial stability and give the right skills and knowledge. This can be done only when employees have good communication with customers. According to Ledgerwood et al (2006, pp 273), an attempt to increase efficiency in potential customers and also creating avenues for new customers is very vital. The effect on this could be short and long term profits on behalf of the institution.

6.1.3 Dynamic policies

Microfinance as said is ever changing and policies must enforce change and willing to adapt to current trends. The institution must be able to avoid bureaucracy, one main hindrance to institutional growth and adapt very quickly. In Ghana for instance, such an institution could be characterized with the normal Ghanaian bureaucratic methods where even loan approvals for disbursement can take longer periods which is not appropriate if success should be achieved, Aryeetey et al, (2007, pp 4-15).

Ultimately the human resource department can entrust this in the hands of a good human resource manager whose main role will be to improve administrative efficiency and responsiveness to employees and other managers. Thus he or she ensures coordination with the other departments and employees on strategic steps in the delivery of best and productive services. Ledgerwood et al (2006, pp 280-3) also mentioned that institutional culture can be modelled to enforce change since the client base for these institutions is much more unpredictable and needs regular adjustments. Staff must be trained to focus on the job and to achieve stated institutional goals while meeting customer needs. There must also be value creation where employees are regularly monitored on their performance and ensured that there is adequate delivery with resources at their disposal.

6.1.4 Building Commitment to Change

The transformation process must include radical change. This is because customer needs and expectations are constantly changing and because market competitors are never far behind, a microfinance institution cannot afford not to change. This must include radical institutional and leadership change. Top management must be champions to change and enforcing

development of customers and employees. According to Ledgerwood et al, (2006, pp 276-7) the process of building commitment to change can be facilitated through developing an organizational communications strategy. They went on to explain that it must encourage open communication channels between senior managers and front line office and between customers and staff so as to be more open to change. Staff must be trained on the importance of internal and external communications, with the internal focus on inter personal relationship existing with staff members and the external regarding dynamic and efficient client management.

6.1.5 Adapting the Organizational Structure

For an effective and efficient human resource department, the microfinance organization must evaluate whether it has the right organizational structure to suit new business strategies. Organizational structure is more than just arranging hierarchically on an organizational chart. It must outline desired pattern of activities, expectations and exchanges, among all levels of staff in the organization and relationships outside it. Also if there are old ways of operating which is a hindrance to progress, efforts must be made so as to fit into an easier and in line with current strategies that can yield results. There must be free and easy access to information and authority must be easily delegated Ledgerwood et al, (2006, pp278). For instance, in a case where there are bottlenecks for clients to acquire loans, efforts must be made so as to be easier to access or new customers reach could be targets. The client base for this type of organization consist more of illiterates and must have very clear procedures so as not to lose their trust.

6.1.6 Ensure the Right Staff

According to Ledgerwood et al (2006, pp284), once the right institutional structure is established, the responsibilities of dynamic job descriptions must be assigned to staff with positive results expected. These positions must be filled with employees that have the right skills and attitudes for the job or at the minimum have the capability to learn the skills. The institution must demonstrate that it has the commitment and willingness to invest in developing and nurturing skills in awe to efficiently render these services to its customers. Redundant staff can be fired and replaced with a more competitive one to increase effectiveness and development. On a more important note, the microfinance institution is not expected to operate on reasons of short term benefits but on a longer term benefits which will result in achieving an edge and optimize profit, Ledgerwood et al, (2006,pp284-5).

6.1.7 Communication

Communication appears to be taken for granted within most institutions. Within an institution, it can be used to create relationships and serve as a link to all sections.. For instance, a microfinance personnel's job involves mostly face-to face-interpersonal relationships therefore this person must be given the required skills and knowledge on how to handle or persuade a customer to believe in what he has to offer. Top management must be willing to constantly communicate with lower level employees on how the client can acquire small loans, give them the necessary tools and skills to turn these loans into profitable business, Ledgerwood et al(2006,pp98-9).Communicating to new and diverse customer groups on the attractiveness of the financial offering of the institution. As stated above, information's could be embedded in employee working codes, new information's trends regarding the various schemes and other internal relationships that must be designed through effective

communication. In this way employees feel accepted by the institution giving off their best. This can foster growth and help the institution expand. Regular meetings can be held and presentations can be organized to obtain customer views on how the business is functioning, for instance, how daily on-the-ground activities are going with the sales force. Poor communication can be disastrous and can keep the organization out of focus.

6.1.8 Build the Right Skills Mix

There must be institutional commitment to training personnel on how to handle the service provided. This must be a core activity focused on building the skills to enable the institution achieve its stated goals. It has been suggested by researchers that training must be viewed as an investment, not as an expense. According to Berridge (1992), resources need to be committed to building internal training courses as well as identifying appropriate external training opportunities. Training programmes could be steered towards field sales employee and customer development considered as the institution's external task. The institution must be balancing the in-house training and external training which will be focussed on strategic methods of meeting clients' needs in the best and efficient way while increasing opportunities for profits as a result of this. On-the-job training is also a good strategy where learning occurs on the job, as specific skills are internalized, deepened, expanded, and supplemented through day-to-day experiences. For the microfinance sales personnel, newly recruited sales personnel can train with experienced workers to gain insight of daily activities and relocated to other areas for further expansion. This can foster expansion of the customer size and increase institutional prospects.

6.1.9 Build a Motivated Staff

For every successful organization, employees play an important role as far as growth is concerned. From author's experience as a microfinance sales personnel it is advisable for a microfinance firm to motivate employees through providing incentives such as bonuses, prizes, rewards and promotions to boost the morale in them. A microfinance institution can be faced with employee redundancy because it failed to adhere to complaints and dissatisfaction and does not recognize employee performance, Ledgerwood et al (2006, pp 290). This sometimes is as a result of non-recognition of the employee and lack of appraisal strategies. These factors are important and must be taken seriously by the institution. In cases where the microfinance firm fails to perform as expected, workers can defect to other financial institutions for fear of risking their job security; therefore the best is expected from the firm both on the institutional level and by the employees.

6.2 Mobilization of Savings

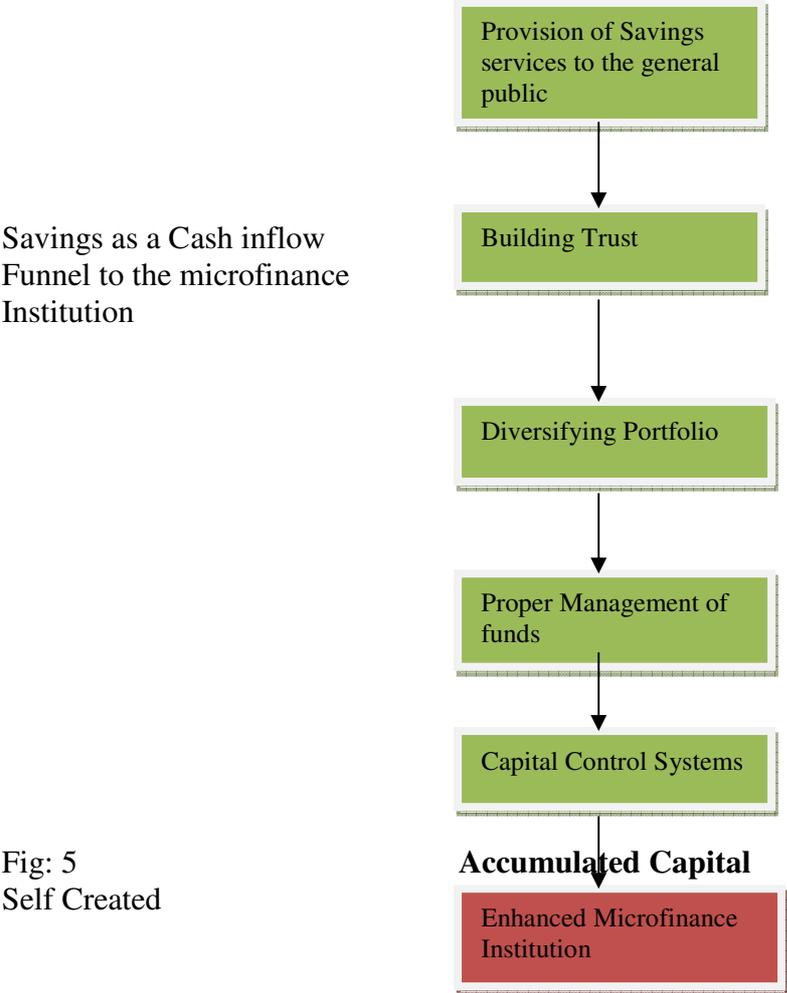
This section explains the value of the various savings accounts if operated by a microfinance institution.

STEPS

This is a concept which can create wealth in terms of cash inflow for a microfinance institution demanding a lot of financial inputs for consistent and profitable business operations, Ledgerwood et al (2006, pp 3). This strategy is much more concerned with profit-driven intentions of the microfinance institution as to how it can raise more capital to support its customer reach. Questions like, how the organization can achieve continued cash inflow

and outflow to meet operational needs in some of the best and efficient ways must be the main focus.

The diagram illustrates what could be a guide to successful capital accumulation through savings:



6.2.1 Step 1 - Provision of Savings Services to the general public

Microfinance institutions are supposed to be funders to their customers, basically low income earners as well as deposit-taking entities, Ledgerwood et al (2006, pp14). With this new development, savings accounts should be operated on a liberal level where other institutions, individuals, shareholders and many other categories of customers will hold stock seen as an investment and which will increase cash inflow. Thus, the microfinance institution must intermediate with the general public and must not be limited in any way to just those who secure loans from them. It is certain that the microfinance institution in the developing world can be liberated from donor support if it should involve actively in savings services.

If a microfinance institution offers savings services, cash inflow could be used for further projects such as farming, buying governmental shares and other businesses portfolios that can yield profit. Basically, the growth of big financial institutions in developing countries has been the fact that they engage in operations such as savings acquired from the public into

productive ventures which then yields more profit, Ledgerwood et al (2006,pp15 -17). It is obvious that even amongst the poor populace, not everyone will be interested in acquiring loans. Some customers will definitely like to save the little they have for some interest and for security reasons. In Ghana, most market women for instance save their money in the market or in the house, under a pillow or bed which in many cases has been exposed to fire outbreaks or theft leaving them with nothing. Savings accounts like the micro savings, fixed or current accounts or the deposit accounts or micro insurance can be some of the savings accounts a microfinance institution can operate.

6.2.2 Step 2 - Building trust:

As stated by Ledgerwood, for credit, the microfinance institution must trust the client, but for savings, it is the client who must trust the institution, Ledgerwood et al, (2006, pp5). This means that the savings mobilized from the poor savers or the public must be perceived as trustworthy, secure, stable, and receptive to the needs of the clients with reasonable interest charged.

6.2.3 Step 3: Diversify portfolio to tap into the capital market

The microfinance institution must be able to generate profits from all levels of customers. The transaction costs are too high for a financial institution to collect savings only in very large numbers of small accounts. Successful microfinance institutions that provide financial services to many poor clients must also accept deposits from middle and even high income individuals, as well as from organizations, businesses, institutions and those willing to buy shares.

6.2.4 Step4 Proper management of funds

Mobilizing savings from the public takes considerable time and proper sequencing as stated by Ledgerwood et al, (2006,pp5-6). A microfinance institution should not be in a rush to finance expanding portfolio such as issuing further loans or for other reasons. This is a critical process that takes considerable time, effort, human and financial resources, and patience to profitably manage these funds.

6.2.5 Step 5 Capital control systems

Savings mobilization seen not only as a service and a source of funds but also a liability can be a good strategy of accruing capital for the microfinance firm, Ledgerwood et al (2006,pp 13). An institution like the Sinapi Aba microfinance firm can mobilize savings from the public whiles paying careful attention to protecting savers funds from risks that include internal corruption, theft, loan defaults, investments losses, and others. Microfinance institutions tend to concentrate on preventing some of these risks, but may not focus sufficiently on all. Yet they are vulnerable to all these potential dangers.

Continuous vigilance is required for the following associated risks.

*Internal fraud-*A corporate culture of transparency and accountability must be required of the institution especially for deposit-taking microfinance institutions and financial intermediaries. This is because internal corruption is, of course, a potential risk for the savers.

Security measures-Additional and improved security measures are needed when a microfinance institution begins collecting and intermediating public savings (safes, guards, methods for transporting cash, and the like)

Loan defaults-Nonperforming loans can also put savers money at risk. It is therefore crucial for a microfinance institution introducing voluntary savings products and services to maintain high loan portfolio. This means that the organization is assured of high loan repayment performance with the little interest which will increase its capital portfolio.

6.3 Regulation and Supervision

This explains regulative measures that are needed by the microfinance institution to enhance its profit maximization.

6.3.1 Internal Auditing

As stated by Ledgerwood et al (2006, pp23), there must be key institutional policies governing all departments especially regarding financial matters.

One such a critical area that can ensure organizational efficiencies is a well mechanized auditing system. This is one main strategy of checking out financial loop holes such as embezzlements and other financial loses. There must also be well mechanised institutional responsibilities for external factors such as the customer financial management and control policies. Accounting standards can be an example of control tool which can be coded as a data and well monitored to increase maximum outcome. As stated earlier on, policies such as employee working codes, organizational required performance such as accountability, documentation of accounting records, communication and many other control mechanisms must be uniform and clearly stated to keep the organization in focus, Ledgerwood et al (2006,pp 276). There must also be cooperation at different levels, for instance, accounting, marketing, and finance departments to increase the rate of accuracy within the entire institution.

Borrowers and Savers Protection Policies

This has drawn the attention of many researchers and other stakeholders who feel that the borrowers and savers must be protected from vulnerabilities such as unethical lending practices. A microfinance institution which has clearly stated policies to protect its client's base is sure to operate profitably and efficiently since client base will be protected and retained. On a more important note, fraud will be reduced, Ledgerwood et al (2006, pp24-5). The institution must also have clearly stated accounting standards to get customers educated on their rights for better treatment and assurance of protection from misappropriations.

6.3.2 External Controls Auditing

The microfinance institution can also operate in accordance with national regulatory policies so as not to violate certain standards and also to open other opportunities. External auditing can be one main routine practice to check up efficiencies in a financial institution however, the regularity and efficiency of this activity is very important. According to Ledgerwood and White, this will assess the microfinance institutions credibility to financial statements and other management reports as stated by Ledgerwood et al (2006, pp 292).In other words, there must thus be external experts who must periodically monitor the financial welfare of the

microfinance institution. This is because in most situations recorded entries within the institution can be misleading and which goes with losses to the particular institution. At the national level, there must be policies that either encourage the operations of these institutions or restrict them in certain ways more importantly when it's going in a direction to violate customer's protection rights which is normally done by the central bank. A required deposit from the microfinance institution is kept at the central bank which then serves as a security to customers and the institution mostly in cases of financial instabilities.

6.4 Marketing and Competitive Positioning

Marketing in this sense explains management discipline and organizational function responsible for understanding and conditioning the microfinance operating environment to keep its focus outstanding so that the clients' desire and institutional preferences are met. It can also be considered a good factor for the unforeseen occurrences in the future of such business.

6.4.1 Communication strategy and promotion

Microfinance basically involves the poor and demands intensive communication to create a link and a good relationship between the customer and the microfinance institution. According to Kotler marketing communications is the means by which firms attempt to inform, persuade, and remind clients, directly or indirectly about the products and it usages Kotler et al (2006,pp 536). From the microfinance point of view, it can be said that the clientele training is also part of the process where through well managed communication methods, individuals are trained on how to efficiently use the funds they acquire to create wealth.

6.4.2 Marketing Intelligence

A microfinance institution such as Sinapi Aba can develop its strategies and operations based on the client's needs and competitive realities. Clients needs involve (demand for individual credit, group loans) etc, .Thus customers must be segmented according to their special needs to better serve them. A microfinance firm can strategically collect market information's about aspiring clients. A microfinance institution can influence its positioning to develop sustainable competitive advantages and then communicating that point differentiation aggressively. This process will assess the organizational strength and weaknesses against those of its competitors and differentiate the institution in ways that prospective client finds meaningful Steel et al (June 2003). This process must be based on marketing intelligence about clients' needs and preferences, competitor's strategies such as other small microfinance institutions, the organizational strengths, and the context within which it works.

6.4.3 This information's can be gathered on the client:

Client profiles: What are the demographics and income levels of clients? Microfinance institutions like the small banks typically have a good understanding of the demographic profile of the client they serve, including their age, gender, educational level, marital status, household size, and location. This information is often available from secondary sources such as country census information, or by reviewing and analyzing the organizations' database. For transforming such institutions, this information is a starting point for clarifying and segmenting the target market, Kotler (2003, pp 244)

-Needs and preferences: Which products or service delivery channels do clients prefer? A microfinance institution typically have some intelligence on clients needs, derived from the credit officers` relationships with clients. Qualitative market research can build on this research by allowing the institution explore more directly the wants and preferences of its clients. Quantitative market research can be used as a follow-up to qualitative research to determine the degree and frequency of the observed desires in the greater population.

Beliefs and attitudes: According to Ledgerwood et al (2006 pp 149) microfinance institutions typically have a weak understanding of the beliefs and attitudes of their clients unless they have actively conducted market research. Beliefs and attitudes beyond those related to the financial institutions need to be considered.

6.4.4 Information's regarding the organizations environment:

Competition: Most at times, higher interest rates in the long run results in negative impacts. Competition is important in this sense to know what makes other financial institutions successful and adapt and enhance existing strategies. This deep understanding involves gathering the following intelligence on all of its competitors (both regulated and unregulated):
Mission and objectives: What are the organizations market share, its target market and profit margins?

What is their business strategy: What are competitors' business strategies and the mechanics of their business models? These can give the firm an opportunity to strategise its operations to have an edge on the environment.

Growth profitability: The organization must examine its strengths and weaknesses and compare it to others who are successful on the market.

Capabilities: What can the institution do, such as the ability to make and collect loans, attract clients, and motivate staff, or improve its management information system and technological capabilities, the learning capacity and flexibility of its staff, and the location and capacity of branch network?

Competencies: With regards to this, certain questions like what the organization can do well are asked. What can be exploited for future competitive advantage? For example, the ability to disburse loans is a capability, but it becomes an institutional competency to do it quickly and error free. What has helped the institution grow? The transforming organization should determine its key areas of expertise, such as credit methodology, client relationships, and trained personnel, and define those it might need to strengthens, such as operations, and risk management.

Image Building This aspect focuses basically on the personality of the microfinance institution. What differentiate it from traditional financial institutions? Typically, the microfinance institution must try to balance its social goals with new demands for profit-oriented investors. The microfinance organization needs to understand its existing culture and then define the one it wants to have as a regulated, formal financial institution.

Market segmentation and targeting: According to Kotler, markets must be segmented to distinguish it a set of customers from others. This should be in terms of needs and preferences. He further stated that within these segmented markets, there is the niche which defines set of customers with very distinct need, Kotler (2003, pp 279-280).

7. FINDINGS

Following the developments of this research, the findings were based on questionnaire sent to Mrs Georgina Ocansey, the human resource manager and a telephone interview with Mr. Opata Narh, managing director of the Sinapi Aba Microfinance Institution, Oda.

7.1 Sinapi Aba Institution's Human Resource Development

According to the questionnaire sent to Mrs Georgina Ocansey (The human resource manager), the working environment of the Sinapi Aba is quite impressive with discipline been one of their main focus. She explained that the staff size for Sinapi Aba Microfinance Institution is not much to boast of since it is made up of only 190-192 employees. She went further to explain that, due to the religious background of the institution, it is believed that staff could be considered committed and disciplined.

According to her, the top management team consist of executives who have been in the microfinance field for a long time and understands the need for microfinance in reaching out to the poor. Personal relationships from subordinates and superiors have been strengthened over the years and have also been one of the main tools for customer retention.

She mentioned that, communication among customers and sales personnel are highly recommended since the institution believes that this is a strategy to make customers feel more welcomed. This according to her can enhance their productivity especially as loan beneficiary. On the contrary, she explained that a peculiar feature of the institutions management style is that lower level employees in the institution are somehow limited to interact with management on sensitive issues that could increase their confidence in the institution.

Information's such as budgets, revenues, profits and top management expenditure are highly secretive. On a further note, even though there is a level of relationship amongst top management and lower level employees, there is still a level of limitation. Thus expressing certain views could cost one his or her job. This could have its reasons from the nature of power distance in the institution and Ghana for that matter. However, she also emphasized that efforts are made by the Sinapi Aba to instil the spirit of positive results in employees.

According to her procedures in terms of training are important and focused on enhancing efficiency among senior management and middle management. Lower employees especially, field sales force training is not much of the core emphasis here. The institution at the moment has also a limitation in its number of branch offices within the localities. This she said was a factor which limits customer reach and proper manage. She also explained that, the institution ensures that the right staff mixes are achieved through strategic screening processes and are given enormous training before they are put on the field. However, training programmes structured for lower employees within the firm normally occurs just after recruiting.

As an institution with limited resources, the monitoring and evaluation of staff is shared between Human Resource and the Marketing department which is jointly responsible for performance evaluation basically for the branch managers. According to her, motivational

criteria such as bonuses and other incentives are given annually. Typically for the Sinapi Aba institution, customers are segmented into divisions in various districts with personnel recruited and assigned to these districts to tackle peculiar needs of clients.

However, with a limited number of field sales forces, she stated that, Sinapi Aba institution's effort is to train employees in the various local dialects which is expected to enhance the financial delivery. The institution also believes that hiring religious and energetic personnel's could be a reliable source with morale building and creation of value that can satisfy the need of the clients and hence the development of the total institutional objectives in ensuring profits.

On the sales field, she explained that, even with the limited sales force on the field, customer base have increased significantly over the past years which if developed, can be a sustained competitive strategy for growth.

7.2 Provision for Savings Mobilization

According to the interview with Mr Opata Narh, at the moment the Sinapi Aba Institution has only two savings products which are different from the traditional savings products of a typical bank. The savings accounts at the Sinapi Aba Microfinance Institution are just a provision made to enable customers repay the loans they secured.

He explained further that, the particular savings products operated by the Sinapi Aba are as follows:

- **Progressive Savings accounts and the**
- **Compulsory Savings**

Progressive Savings-

He explained that the institution created this account for customers who acquire loans from the institution as a repayment strategy. This according to him was purposely created for customers who are willing to deposit part of the funds they have secured from the institution which then becomes their base repayment account. This is beneficial for the clients according to him, since portion of the funds are secured. He emphasized in Ghana, mostly market women face a high risk of theft. Creating this account, according to him would affords the customer the benefit to safe keep their money if the customers are not in active business. On the other hand, the clients are not under any obligation to part with the money secured as some sort of guarantee for repayment.

The client therefore has options to choose from. In a situation where the customer deposits money into this account, he or she can save towards it and later be used as a repayment of the loan acquired. If repayment performance is encouraging, an assessment will be made and the client can acquire much higher loan assistance.

Compulsory Savings-

According to Mr. Opata Narh, the institution for the past decade has seen a level of loan default in certain cases which then made repayment difficult even though in totality, performance was quite encouraging. On several occasions, clients' disloyalty ends up in mismanaging these loans leaving them with nothing hence a high cost for the institution. This

obligatory initial deposit therefore serves as a base repayment mechanism for the customer to be encouraged to repay loans which can be re-loaned times two of the former. From the institutional point of view, at the moment, little has been done so far concerning the implementation of the various deposit taking and interest paying accounts.

7.3 Regulation and Supervision

According to the interview with Mr. Opata Narh, a setback in the institution operations is that procedures such as internal and external auditing at the moment are highly inefficient. He acknowledged that as a growing financial institution which is still picking up, proper monitoring systems and supervisory services must be a routine practice to ensure positive outcomes. The institution at the moment lacks systemised operations to increase efficiencies in its monitoring operations. Mr. Opata Narh went further to say those key supervisory practices such as internal and external auditing is not efficient. This he said is basically due to the fact that the current department is headed by a team of five located at one place with just an office and which is overworked due to repeated verification of all branch transactions rather than a systemized branch operation.

He explained that standardized accounting practices such as cash control, internal reports and other accounting routine practices are not effective at the moment. He went further to explain that accounting audit procedures are manually done and sometimes not officially documented. Due to the manual nature of conducting internal auditing for instance, the audit plan for 2008 is available, that of 2007 has not yet been approved by the board of directors. Furthermore, in most cases, these branches received inadequate audit which in his view could lead to a high exposure to various risks.

Another major monitoring deficiency at the Sinapi Aba Microfinance Institution according to him is the fact that there is lack of coordination and cooperation amongst the various departments which could be a good way of checking total organizational performance and effectiveness. Furthermore, the institution is failing to have clearly stated policies which could enforce efficiency in its operations, and reduce the rate of fraud and cash mismanagements. He went further to say that, an issue brought up was that the current head of the internal audit has just little knowledge on information technology to run concurrent test and ensure the integrity of the system. This from his view can be seen as a major setback for the Sinapi Aba institution. Thus the exposure to various internal risks is very high and much has not yet been done to change the situation.

The main factor and the first to be considered on the external monitoring systems is how often external auditors check the institutions performance. According to the interview, the Sinapi Aba at the moment has Ernst & Young, a reputable auditing institution as its external auditors; however the major problem here is the failure of the Sinapi Aba to encourage regular checks.

To increase financial efficiency hence profits, regular external audits could be a way of checking inefficiencies such as thefts and other misappropriations. A major reason given was that regular or routine audit procedures will cost the organization a lot and which it's not in the position to do that at the moment. Mr. Opata Narh however recalled that the institution faced a situation where the Ho office of the institution has to be closed down due to misappropriation of funds which the government interfered.

He was of the view that the institution could have detected this problem earlier on if its system is networked and regularly monitored. To a large extent, the institution bases its impact assessment and monitoring strategies on mainly information's from the sales force and which is monitored manually at its branches. He said at the moment, the institution relies to a large extent on assessments made by sales force when it comes to customer development, management and welfare monitoring activities, for instance customer's progress regarding loan repayments. Loan repayments procedures for instance are strategize so that any defaults by a customer disqualify subsequent acquisitions.

According to the interview, the company ensures that loans are not given to people without some form of business or management training which can be seen as a good way of assessing and monitoring clients' eligibility. This is put in place to control default occurrences. The inadequacies of external auditing facilities however could be seen as a risk for the institution in checking out the total financial standings and operations.

The reader must bear in mind that efficiency in the institutions auditing system is very important because its one way of avoiding financial loses.

7.4 Marketing and Competitive Positioning

According to Mr. Opata Narh at the moment the institution has done just a little as far as marketing is concerned. Mr.Opata Narh however stressed that about 8% interests rate are charged on loans given to customers. At the moment, its marketing efforts are not strong compared to other financial institutions such as the major banks. Its strategy is basically constrained with the poor who already have a high demand for this financial assistantship. The interview showed that the institutions main target market has been market women and over 90% of its customer base is made up of these women.

An advantage to the institution in terms of publicity is that they train personnel who are able to go to the various communities to educate them on the need for these loans and what it can do to enhance their lives. This is believed to reach out to illiterate individuals who would in one way or the other need this assistance. This, the institution believes portray an image of care and concern for the poor in reaching out to them

The institution has excellent communication strategies and ensures close contacts with customers through relationships. He explained that one marketing limitation is that the Sinapi Aba has limited number of employees to extend these services on a wider perspective. He also said that the institution however makes an effort to communicate to customers on what they have to offer and try to create the trust and confidence the customer needs. Referring to mostly the big financial institutions in the country, mass media and adverts are very strategic medium to reach out to customers. Employees responsible for the various locations are trained in the local language suitable to communicate to the poor customers.

It is however not at the moment in any fierce competition with other microfinance organization since the market base is huge but with little to offer in terms of profits. There is still more room for coverage since the larger portion of the poor population still needs this assistance and also the fact that there are still various target groups for its services. Company potential is also very much underutilized since it has very limited customer coverage as a microfinance institution.

8. ANALYSIS

In this part of the report, a recap will be made with reference to the chosen theories to find out if the Sinapi Aba Microfinance Institution is really doing enough in commercializing its operations and at the same time maximizing profit? This also means that a comparison will be carefully made between the selected theories and the empirical information to serve as an illustration to the Sinapi Aba Microfinance Institution to ensure profit maximization

8.1 Human Resource Focus

The institutions human resource could be analysed as explained below:

8.1.1 Sinapi Aba Management Philosophy

The findings shows that in general, the Sinapi Aba Microfinance Institution believes in core values such as discipline, sharing, relationship building and good communication amongst employees. It has a policy of collectiveness where responsibilities are shared and ensured that they are executed. Also, as part of its management style, employees are expected to believe in the very fundamental principle which is reaching out to more customers, mainly the poor and in a disciplined manner. On the contrary, there is a high level of power distance within the Sinapi Aba institution which could be attributed to the overall working environment in most Ghanaian institutions. Decisions are taken only by top management and which in most cases cannot be challenged.

8.1.2 Institutional Culture

Being a microfinance institution, it believes that employee efficiencies influence total institutional success where the employee is expected to deliver the best service as much as possible. The institution ensures this by for instance training its sales force on how to relate to customers and impacting on down to earth practices that makes the customer welcomed and secured. This is seen as important especially where the customer base for the Sinapi Aba Institution largely consist of illiterates. Employees are also expected to follow daily routines and adhering to set standards and which could be perceived as a core value.

8.1.3 Personnel

At the moment, the Sinapi Aba has very limited number of staff considering its position on the Ghanaian financial market. Staff retention could be perceived as unstable due to the lack of motivation which will be discussed later. As at the end of 2006, the institution had just 173 personnel as against 190 to 192 in 2007. Ghana as a nation has a high level of poverty which makes the microfinance scheme very attractive if properly managed however, the market reach for the Sinapi Aba can be considered very limited due to inadequate employees especially on the field sales force. If total personnel level is just 192, one can assume that field sales personnel will be just very limited should more potential customers be reached.

Contrarily, demand for these services at the poor customer end is high due to the market size. The reader must not forget the logic reasoning that the larger the market, the more the rewards

in terms of profits. As said in the theory, the customer mix for the institution is also very narrow. The institutions customer base is composed of almost 90% women, basically market women. However customer mix must be considered, in other words diversified for the institution to secure customer variations with both the high and low income earners. This could be a good attempt to increase the institutional cash inflow.

8.1.4 Employee Skills Mix

As seen from the empirical data, the Sinapi Aba believes in giving its employees the right skills in meeting the poor customer demand however, training sessions could be perceived as inadequate. As stated in the findings, training is much more focused on top and middle management. This could be a major setback in the future if the customer size for this institution should increase. On the contrary, enormous training is given to newly recruited employees on the job. On the job training is not at the moment considered to be very pressing since the Sinapi Aba has limited employees more. New employees are seldomly recruited to take up the large tasks.

8.1.5 Motivation

According to the interview, there is not much done as far as motivation is concerned. Motivational facilities such as staff motivation for lower level employees are not very regular within the institution. Basically, this practice is seen as provision for top and middle level management. It was also stated that as a result of this, the institution suffered about (9.3%) turnover rate with simple reasons such as poor remuneration of employees. This led to defection of employees into other financial organizations and which caused the Sinapi Aba Microfinance Institution a great loss in terms of financial assets and employee service delivery. Appraisal performance measurements are at the moment not a routine strategy for the institution. This on the other hand has its effects on personnel performance and the financial implications to it. One good thing here though is the fact that there is a high level of relationship building which keeps problems such as fraud or other personnel related theft at a minimal rate; however, there is a high possibility of such risks in the near future.

8.2 Efforts to Mobilize Savings

According to the findings, the institution at the moment has two products which is just a loan recollection strategy. However, from a good point of view diverse savings products must be an integral process for capital accumulation. According to the findings, most of the short coming as far as human resource, control and marketing are connected to the institutions inability to accrue capital. From this point of view, savings can be one main strategic ways of fetching back funds into the institution to help in efficiently managing the other stated areas. Following the empirical findings, it was stated that the Sinapi Aba at the moment has only two savings accounts which is still different from the usual savings accounts.

This is just a provision made for its loan recollection. Therefore it's not a typical savings account where one can freely come in a save for security reasons or to get value from the savings as the major banks do. This as stated above is the progressive savings accounts and the compulsory savings accounts. The progressive savings accounts is a provision made for customers who acquire loans but has no spot use for all or part of the money and want to keep it for security reasons. This act is therefore a voluntary act and requires not strings attached. The other savings product is the compulsory savings product which requires that

the customer by obligation have to deposit a percentage of the loan received as a form of collateral. This then becomes a base repayment for further repayments. The reason to support the idea of Sinapi Aba emanates from the fact that savings could be one major way of capital accumulation for the institution and which could result in wider coverage hence maximize profits

8.3 Regulation and Supervision

According to the empirical information gathered the Sinapi Aba as a microfinance institution has a form of regulative and control mechanisms with its limited resources. Most standards are not formalized within the institution. It can then be said that the institution even though has a kind of monitoring strategy, it does not lay much emphasis in this area. A value creation strategy such as networking of accounting methods has not been installed. More so, systemised processes to monitor accounting entries, customer/employee monitoring strategies and many other value adding mechanisms to increase productivity are not in existence.

As explained in the theory, Ledgerwood et al (2006, pp 21-3) was of the view that, the financial institutions must add value creation activities if they should be successful on the market. This therefore demands a network of all activities to increase delivery. Sinapi Aba, as a growing micro finance institution really need to focus on creating a well monitored institution if it should ensure profits and extend further in its reach to the poor customers.

According to the empirical information, the institution is basically using manual methods in most of its internal activities more importantly in issues with internal auditing. As mentioned earlier on, accounting processes such as internal auditing is done manually by just an audit unit of five which in most cases is delayed. This has caused various complications such as inadequacies in internal audit procedures. It was stated that for instance during the year 2006, there was a high level of inadequacies in its audits at the various branches causing delays and even resulting in the closing down of a branch. One other issue is the fact that the institution at the moment has just an office to take up all internal audit procedures for the various branches which is making the internal audit office over worked. More so, there is lack of networking amongst the various branches at the moment, The institution as a result of these limitations in resources is not able to install the state of the art mechanisms such as computer installations with a network system to link all other branches. Employee monitoring methods at the moment is also not very effective. Issues such as accounting codes of conducts, performance measurement and other performance measures are expected to be quite deficient. There is also lack of coordination within the various departments. The institution has however capitalized on its expertise personal sales to keep a level of trust and control.

There should be various activities such as the customer financial management and many others to increase efficiency. It also calls for external specialist to oversee to the total financial success of the microfinance institution. The institution however has an external accounting firm that audits that accesses the overall institutional performance; however, the regularity of this activity is rather discouraging. From this perspective, the institution could be seen as exposed to internal malpractices such as fraud, mismanaging the customer's funds, corruption and many other factors that could affect the institutional profits. A peculiar incentive lacking here is the rate at which these activities are controlled which should be able to meet accounting standards.

8.4 Marketing and Competitive Positioning

One significant thing about the Sinapi Aba institution is its ability to market itself to be distinguished from other competitors. On the contrary, the institution has not yet implemented any strategic marketing steps that can lead to long term rewards such as institutional expansion, customer retention; market positioning and more importantly increase in profit margins. This concept is thus seen as an integral process by any institution in an attempt to attain total institutional goals. According to the theory, Ledgerwood et al (2006, pp 95-7) explained that, a microfinance organization can influence its positioning to develop sustainable competitive advantages and then communicate that point to differentiate itself from others.

This means that it must build an appealing image to the customer and willing to create trust in the customer. Sinapi Aba as a microfinance institution as said earlier on is just below average in terms of marketing. It largely bases its strategies on building close communication between customers which has been very successful over the years. This can also be seen from the fact that the demand for this type of services is already there. However, for the institution to increase its profit margins and gain further competitive edge; it must be willing to reassess its marketing strategies. At the moment, the expenditure made on advertising is very minimal.

As sourced from the interview, the institution somehow has a tradition of meeting the few rural demands in the microfinance arena and therefore it does not at the moment lay much emphasis on any mass communication programmes. An instance is that, the institution believes in its unique services whereby clients are treated with specialty keeping it among the top three microfinance institutions in Ghana Thus it's operating below its capacity with the current market reach. It is very obvious that the Sinapi Aba can reach out to larger and diverse markets if profit margins should increase.

8.5 Where to Focus

As stated earlier in the theory, the main idea of the research is to come up with an illustration that will help the Sinapi Aba enhance its operations in terms of maximizing profits and increasing its customer reach. In a nutshell, the theories are provisions that would develop already existing operational strategies within the Sinapi Aba Institution in an effort to increase its profits level.

Enhanced institutional activities

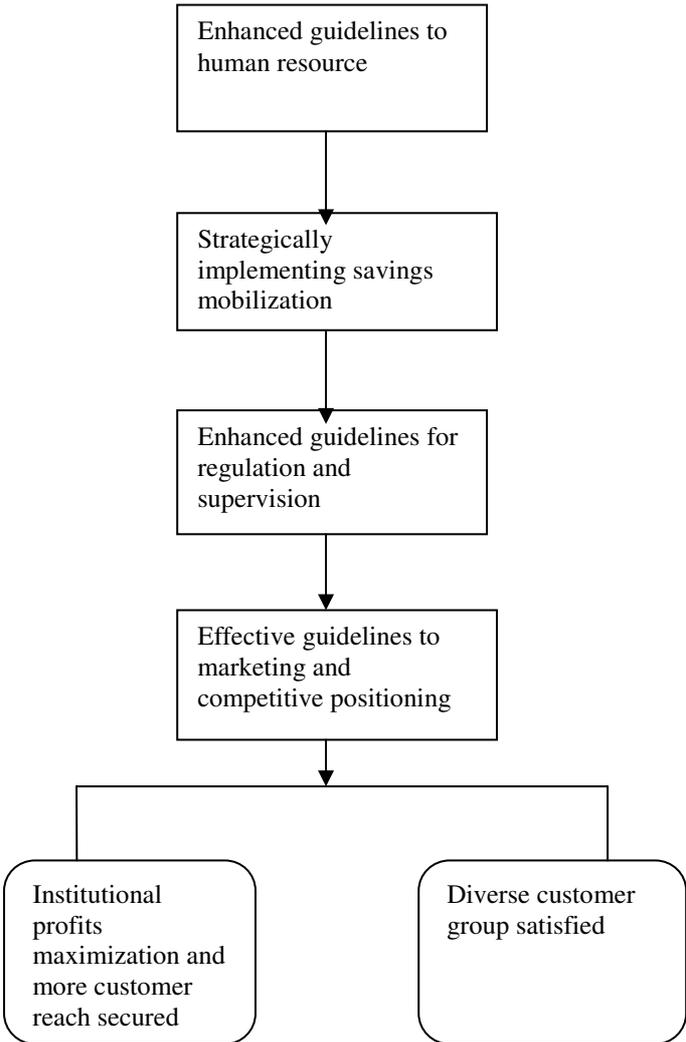


Fig: 6 Self Created

8.5.1 Enhanced Human Resource

Strategically, the Sinapi Aba microfinance institution can establish criteria for employees' retention and must consider the effect upon operations if large numbers of employees are expected to leave. It must also be willing to hire more employees to enable it cover wider markets. Supervisory personnel must ensure that staff is aware of duties and responsibilities and meeting management expectations. The institution must also ensure that microfinance sales employees receive regular guidance, review, and on-the-job training from supervisors to help ensure proper work flow and processing of transactions and events and also to reduce misunderstandings, and discourage wrongful acts. These must be documented and enforced aggressively especially where the Ghanaian microfinance industry has been characterised by theft and many other disappointments. Management must also communicate to the recruiting team about the type of competencies needed for the work. Thus the institution must set standards for hiring qualified people with emphasis on education, experience, accomplishments and good ethical behaviour. This can however be done if the Sinapi Aba can strategically expand its human resource structures to meet the rising demand for this kind of services. Positions description must be standardized throughout the institution. Employees must also be provided with appropriate feedback and counselling on their job performance and suggestions for improvement.

Effective Codes of Conducts:

- a) The codes must be comprehensive in nature and directly address issues such as improper payments, appropriate use of resources, conflicts of interest, political activities of employees, acceptance of gifts or donations for favour and the use of due professionalism.
- b) The codes must be periodically acknowledged by all employees.
- c) Employees must indicate that they know what kind of behaviour is acceptable, what penalties unacceptable behaviour may bring.

Commitment to competence:

Management must also analyse the tasks that need to be performed for particular jobs and given considerations to such things as the level of judgement required and the extent of supervision necessary.

Formal job descriptions or other means of identifying and defining specific tasks required for positions must be established and be up to date.

Management philosophy

Management at Sinapi Aba microfinance institution must have an appropriate attitude toward risk taking and proceeds with new ventures, missions, or operations after carefully analyzing the risks involved and determining how they may be minimized.

Secondly Management must enthusiastically endorse the use of performance based management.

8.5.2 Savings mobilizing implemented

Micro Savings

The most common savings accounts such as the traditional savings account where non-loan recipients can voluntarily save with the institution for a minimal interest can be implemented. This account has minimal yields or interest paid to the customer due to the fact that it has a very limited withdrawal level.

Micro Current Accounts

Another savings product such as current accounts can also be operated by the institution for rapid capital accumulation. This must also be at the disposal of all kinds of customers. With this type of savings product, the customer is charged with a minimal interest simply because there is a high number of withdrawals hence increase charges as a result of the fees for the service.

Micro Insurance

Lastly, micro insurance can also be another way of serving poor customers who are willing to secure their possessions in a form of insurance. Here too the clients pay a fee as charges which are normally minimal as well. This insurance could be farmlands; livestock's and even small businesses. The reader must bear in mind that if interest on loans can be that appreciative and very rewarding in terms of capital sourcing, then savings can be a perfect opportunity for the Sinapi Aba microfinance institution to mobilize funds which can be used for further profitable ventures.

Who should be Sinapi Aba Potential savings Customer?

The institution must be willing to diverse its customer base from limiting itself to just the poor customer and making room for a wider range of customers. At the moment, the customer base of the Sinapi Aba is mostly the poor who one way or the other has secured some financial services from the institution. To diversify its portfolio, the institution must be willing to target other categories of customers such as the middle and upper income earners, other small and big institutions who wants to safe keep their money, stake holders and invite other partners. This will then help it widen its operational horizons.

Dimensions for effective Management to increase customer trust

To efficiently and profitably operate these accounts, the organization must first build up the trust and convince the customers that it is capable of managing these funds appropriately. This also means that the funds sourced in the form of savings must be in active ventures to increase yield in terms of profits which will then be used as a pay-off for interest and for further developmental purposes.

Integrity-This means that the Sinapi Aba in order to gain customer trust and increase customer base must be able to instil a level of trust in the customer. Members of staff should behave with integrity in all professional, business and financial relationships. The Ghanaian microfinance market has witnessed a couple of disappointments which needs very convincing strategies for such an institution to penetrate the market. This is in agreement to what

Ledgerwood et al (2006, pp5-13) termed as institutional trust where the customer have to confine in the microfinance institution for its finances. Thus there must be an atmosphere of honesty and fair dealing and truthfulness. There must also be good and effective communication methods to let the customer know what to expect.

Accountability-That staff members should deliver the highest possible quality of work and will be accountable for the work they deliver. This also includes reports and recommendations made and also professional conducts.

Commitment-Thus for an institution like Sinapi Aba to newly implement such products, it must have dedicated and committed staff to take up the task. There must be constant delivery of quality of work that will impress all those who come into contact with the institution. Staff members must be committed to:

- a) Undertake continues trainee processes and professional development
- b) Must arrive in time for meetings and appointments
- c) Maintain clear communications and effective planning
- d) Strive for excellence delivery and logistics of training programmes and presentations.

For all these to be effective and materialise, the organization must be willing to take risk and source for financial assistantship. This means that it can fall back on its donors and even the Ghanaian government for this assistantship. Being a poverty alleviation strategy, the Ghanaian government can express the interest. This also means that there must be clearly stated organizational strategy and plan.

8.5.3 Enhanced Supervision and Regulative mechanisms

Strategic Measures:

Again Sinapi Aba institution must be able to uniformly network both internal and external functions at all branches to increase a universal efficiency and achieve organizational profitability and customer growth. One important issue to be carefully and critically assessed must be the regularity of external experts coming to check total financial standings of the institution. Been a growing microfinance institution, its needs a sound and accurate financial position to be able to stand on its feet to meet targeted objectives.

Authority must be delegated to the right personnel with policies on good customer management formed and communicated to employees. Aside the delegation of authority, management must have effective procedures to monitor external activities for instance sales force performance on financial issues and customer financial management. The institution must also have specific and explicit workforce planning strategy, linked to the overall strategic plan and which allows for identification of current and future human capital needs. Both internal and external supervisory mechanisms must be given a top priority and designed to guide the workforce in achieving objectives.

Again the institution can take appropriate follow-up actions with regards to findings and recommendations of audits and other reviews promptly. For Sinapi Aba, management should be willing to investigate and source for funds which can help the institution establish an effective and efficient auditing system. This can be done through availing funds to install a system that can liaise with all other parts in a more coordinated way. This will help ease the burden of delays and bureaucracies as a result of its manual delivery. Management and auditors must follow up on audit and review findings, recommendations, and the actions

decided upon to ensure that those actions are followed. Another spectacular development could be that top management must be kept informed through periodic reports on the status of audit and review resolution so that it can ensure the quality and timeliness of individual resolution. More so internal control mechanism can be the use of formal code or codes of conduct and other policies communicating appropriate ethical and moral behavioural standards and addressing acceptable operational practices. The following under this can be considered

8.5.4 Enhanced marketing and competitive positioning

Direct Marketing

There must be a direct link between the Sinapi Aba Microfinance Institution and its customers based on effective selling strategies. It can adopt direct approaches such as distribution of leaflets which is out of question for its current operations, kiosk marketing or positioning in busy places, direct mail, the radio, TV advertisements and many other strategic marketing approaches that will help gain further reach and larger markets. At the moment the Sinapi Aba institution has not implemented this kiosk operations which is a form of mini offices set at vantage points to ease access to the customers and creating further business avenues. Sales representatives have to go around for daily routines such as loan recollections and other client advocacy activities. Employees are largely exposed to several risks such as theft and other losses. One important thing is that the Sinapi Aba Microfinance Institution has already got the skills in conducting personal selling through relationship building which will be an added advantage should they re-evaluate and make adjustments.

Branding development and Positioning

The Sinapi Aba Microfinance Institution must be willing to lay more emphasis on its services as a result of positioning its self on the market. There must be further communication of its services to much wider perspectives different from its current limitation to the poor people. For instance, more personnel can be recruited and well train to communicate these services to other areas different from the current target. These will further create avenues and positioning for the institution.

Advertising-As stated earlier on, the Sinapi Aba Microfinance Institution is spending just a little on advertising its operations. Advertising however can be seen as one main promotion strategy to increase the customer size and awareness. The institution at the moment is quite relaxed with publicising its services simply because as said earlier on, the demand by the poor customers is high but in nearest future, it will have to enforce this effectively. There are possibilities of new entrants branching into this area of financial services like the rural banks who already have adequate resources. Advertising initiatives by the Sinapi Aba Microfinance Institution can help it solidify its position in the form of customer expansion for unforeseen occurrences it can devise advertising campaigns.

Market Research and Targeting

Based on what Kotler (2003, pp 280) explained, the poor customer group served by the Sinapi Aba Microfinance Institution can be seen as its niche market; however diversification of strategies must be focused on the broader level. The Sinapi Aba microfinance institution has its main target market to the poor in the rural areas with over 90% of clients as market women and which constitutes mainly poor. It is good for every organization to have a specific target

market, but opportunities must be seized as well when it presents itself. In the case of Sinapi Aba, it already has good customer relationship and which can be a good strategy in tapping into other markets. This will call for diversification so that other target groups such as the middle and higher level income earners, public institutions and other stakeholders who are willing to invest are reaches. There must be personnel recruited and deployed to acquire new markets which in turn will increase business operations. This will create a wider customer base and increase in profit margins. It also means that it must have by then implemented its savings accounts products since most of these customers might constitute savers as well. With the savings accounts been the main profit engineering factor, it can help the Sinapi Aba Microfinance Institution create or accumulate capital which will further re-enforce further financial obligation.

9. CONCLUSION

Due to the increasing demand in financial services, especially in the developing world, the Sinapi Aba microfinance institution, a renowned microfinance institution in Ghana was set up in 1994 to create opportunities for the majority who has no access to the major financial institutions. The research provides an extensive review of certain conceptual areas deemed to be very critical and provide an illustration that could influence total institutional delivery.

This was in conjunction with the empirical information sought to strategically analyse some core activities to find out if these information's are applicable to profit maximization principles and more customer coverage. The author realised that for a microfinance institution like Sinapi Aba, certain key areas such as the human resource, marketing, savings and supervisory policies to promote excellence are vital for growth and that proper adaptation of the theories to these areas will yield fruitful results.

The report also suggests that beyond the loans provided by the institution, it is prudent to operate the traditional savings accounts open to all kinds of customers. This suggests that irrespective of the customer base consisting mainly of the poor; it can also encourage bigger institutions, individuals and the general public to save in the form of deposits. There could be wider areas to be discussed to further enhance profit maximization and more customer reach but for the purpose of this report, it was limited to the said chosen areas.

9.1 Recommendations

As previously said, the Sinapi Aba Institution can adopt quite a bigger picture with regards to how it could maximize profits. It is of the authors' opinion that going much deeper into this would make the report or study very broad. Factors such as political, socio-economical and many others could be aspects that can be considered however; this report is limited to the four concepts which have already been discussed.

As discussed in the analysis, one of the ways the Sinapi Aba institution could do this is by going further than what it is doing now. Issues such as employee extensive employee training, employee empowerment, hiring more qualified employees and motivation could be taken more seriously. On savings mobilization which could be a major capital inflow, the institution could implement the savings scheme to the general public where diverse customers could come and save. The current accounts, savings accounts and the micro insurance could be typical examples. There must also be strategic practices to properly management this to increase its efficiency. There must also be good supervisory mechanisms to check internal and external misappropriations such as fraud and other related factors that can minimize the institutions profits.

Marketing efforts must also be increase with more sales personnel trained to personally reach out potential customers such as the bigger institutions and individuals. Issues such as competency, direct marketing, advertising and company positioning could be further developed. The financial environment is volatile and the earlier such an institution ceases an opportunity, the better since there are other forces or actors likely to take up the competition. If the institution should maximize profits, the target must be turned away from only the poor customer to a diversified set of customer groups. This should include middle and higher income Ghanaians, institutions and other stake holders that can contribute to capital

accumulation. This also means there must be effective marketing position to support this. This research could also mean an assumption of how the Sinapi Aba microfinance institution can be on its own feet and generate capital in terms of profit maximization through commercialization as defined earlier on. The author is however aware that the findings gathered with the application of the models was structured and confined to the Oda branch of the Sinapi Aba microfinance institution. More importantly, the reader must bear in mind that this research is an attempt to build on the Sinapi Aba Microfinance Institutions' current profit making efforts. In spite of this, the report could be recommended as a source for further studies deeply into the institution's microfinance field which could further enhance total institutional strategy.

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11. APPENDIX

Questions for the telephone interview with Mr. Opata Narh, managing director at the Sinapi Aba microfinance institution, Oda, Ghana.

General Questions

- (1) What is Sinapi Aba microfinance all about?
- (2) What is your typical daily duty?
- (3) Can you briefly describe the microfinance environment in Ghana?
- (4) What are the missions and objectives of the institution?
- (5) Could you briefly describe the organizational structure?
- (6) Who are the main sponsors of these programmes?
- (7) How big is your coverage?
- (8) Who are your customers?
- (9) Could you give a general picture of the types of services the institution engages in?
 - (9a) what characteristics qualify a typical Sinapi Aba institution customer?
 - (9b) Where is the source of finance for the various programmes?

Questions on Human resource

- (10) Is there any particular human resource strategy?
- (11) What constitutes the staff?
- (12) What is the structure of the human resource at the Sinapi Aba institution?
- (13) Is there any power delegation
- (14) Are there effective communication strategies?
- (15) What is the importance of training to the institution and how often are they trained?
- (16) Could you briefly describe the institutions attitude towards staff motivation?
- (17) Are there formalized policies on ethics and codes of conducts and how effective is this?

Questions on Savings Mobilization

- (18) Does the Sinapi Aba operate any savings accounts?
- (19) Is the institution considering any diversification programme for this product?
- (20) Who are the typical customers for the various savings accounts operated by the institution?
- (21) Considering the institutions profits alone on loans, is it not considering the traditional deposit taking savings accounts a viable option?

(22) What constrains the institution to operate these products?

Questions on Supervision and Control mechanisms

(23) In your view, do you consider the supervisory and control systems effective for the institution? Especially, the Auditing System

(24) What are the control mechanisms for at the institutions disposal?

(25) Are there standards to check internal and external performance such as auditing and employee productivity?

(26) What are the mechanisms to check customer efficiency?

(27) What has the institution done to ensure accuracies in its control systems?

Questions on Marketing

(28) Is there any particular marketing strategy for the Sinapi Aba microfinance institution?

(29) What is the significance of marketing to the institution?

(30) Could you briefly describe the institutions marketing efforts?

(31) What is its market position for the Sinapi Aba?

(32) Is the institution facing any competition at the moment?

(33) What is its target market?

(34) Is the institution involved with any market research?

(35) What is the market reach for the Sinapi Aba institution?

Questionnaire sent to Mrs. Georgina Ocansey

Has the Sinapi Aba Microfinance Institution done enough as far as human resource is concerned?

What is the current employment level?

Considering the fact that employees' efficiency goes a long way to help an organization, what has the institution done to ensure effective employee performance?

From your opinion, is employee training adequate?

For qualifies a person to work as an employee for your institution?

Is there any relationship network among employees and customers in the delivery of these services?

From your opinion, how large or close is the power distance within the institution

Are there any motivating incentives such as bonuses, performance appraisal and other rewards to ensure effective employee performance?

Are there formalized policies to guide employees?

What are your future prospects?

Are your services fit and in line with the institutional vision and competitive strategy?

Does the institution seek long term employee commitment?

Would you consider the level of discipline adequate for the Sinapi Aba Microfinance Institution?