A psychological study of the relationship between micro-finance, self-esteem and self-efficacy of the poor in South Africa

by

Barnard Moteleng

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Supervisor: Prof Claire Wagner

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DECLARATION

I, Barnard Moteleng, declare that this thesis is my original work except where I used or quoted another source, which has been acknowledged. I further declare that the work I am submitting has never been submitted before for another degree to any other university or tertiary institution for examination.

Signature: ______________________________

Date: ______________________________

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Glory be to the Almighty God for making this dream achievable.

My parents, to my late mother and my father who rekindled the academic spirit in me when it was switched off. Father this is for YOU. My family your being there in crucial times of my life is priceless. You are the gift that God gave me.

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ABSTRACT

The impact of micro-finance on the lives of the poor is a hotly debated issue filled with controversies and inaccuracies. The literature review on the benefits of micro-finance indicates that early debates were mostly based on heart-warming anecdotes and case studies, with little empirical study on its actual impact. Thus, despite the heated debate on micro-finance, there is still little understanding on the true empirical impacts of micro-finance, particularly its psychological impacts on the poor. This study investigated the relationship and impact of micro-finance on self-esteem and self-efficacy. The study was conducted using a non-experimental research strategy (within-subjects design) and quasi-experimental strategy (pre-post-test non-equivalent control group). Two sampling methods, systematic and convenience sampling were used to select participants. A total of 264 pre-test and 159 post-test participants took part in this study. Data were collected using the Rosenberg self-esteem scale and General self-efficacy scale. The Pearson product-moment correlation coefficient was employed to measure the relationship between micro-finance, self-esteem and self-efficacy. The MANCOVA was used to investigate the impact of the provision of micro-finance on self-esteem and self-efficacy. The results not only showed that micro-finance is positively related to self-esteem and self-efficacy, but also showed that the provision of micro-finance led to an increase in the self-esteem of the recipients. The study further revealed a decline in the self-esteem of those who were declined micro-finance and highlighted the covariates that influenced this relationship. In light of these results, practical and theoretical implications affecting micro-finance practitioners, researchers and recipients are identified. Suggestions for future research are made based on the improvement of current methodologies, inclusion and use of valid control groups, the use of different sampling methods and larger sample sizes.

Keywords: Commercialisation, Critical theory, Economic psychology, Microcredit, Micro-finance, Poverty, Self-efficacy and Self-esteem.

LIST OF ABBREVIATIONS

AMEF:	ABSA Micro-Enterprise Finance
ANOVA:	Analysis Of Variance
APA:	American Psychological Association
ASGISA:	Accelerated and Shared Growth Initiative for South Africa
CAPI:	Computer Aided Personal Interviewing
CASA:	Customer Acceptance Screening Application
CCP:	Customer Care Programme
GSE Scale:	Generalised Self-Efficacy Scale
IAREP:	International Association for Research in Economic Psychology
IMAGE	Intervention with Micro-finance for AIDS and Gender Equity
IMF:	International Monetary Fund
IFC:	International Finance Corporation
IPV:	Intimate Partner Violence
IT:	Information Technology
MESC:	Micro Enterprise Service Centre
MFLs:	Micro Finance Institutions
MANCOVA:	Multiple Analysis of Co-Variance
MANOVA:	Multiple Analyses of Variance
MWW:	Mann-Whitney-Wilcoxon
NGO:	Non-governmental organisations
SABE:	Society for the Advancement of Behavioural Economics
SAMAF:	South African Micro-finance Apex Fund
SPSS:	Statistical Package for the Social Sciences
STATSSA:	Statistics South Africa

TIGF:	Thembani International Guarantee Fund
UNDP:	United Nations Development Programme
UNIFEM:	United Nations Development Fund for Women

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CHAPTER 1

INTRODUCTION

1.1 Setting the scene

The plight of the poor is of central importance in South Africa and, as a result, there has been a proliferation of poverty alleviation strategies, empowerment strategies and coining of concepts such as the 'African renaissance', all of which are trying to address and improve the lives of the poor and under-banked communities (Ozoemena, 2010). It is important that every effort and means of providing aid to the poor be scrutinised in terms of how it affects them (Awojobi, 2013). Micro-finance is regarded by organisations such as Finmark Trust and SAMAF (South African Micro-finance Apex Fund) as a means of rural development and an integral part of poverty alleviation strategies in South Africa. In fact, globally many researchers hail micro-finance as a crucial poverty reduction mechanism, with various researchers providing evidence of higher self-employment, increases in inventory and recipients using their savings to start small businesses (see Augsburg, De Haas, Harmgart,& Meghir, 2013; Islam, 2012).

Due to the purported positive impacts of micro-finance, some innovative management and business initiatives have been developed while its true impact on poverty reduction continues to be doubted (Chowdhury, 2009).Given its importance on the lives of the poor, micro-finance needs to be evaluated in terms of its benefit. According to Dallimore (2013), for many years micro-finance was virtually immune from criticism. The idea of criticizing micro-finance provision received short shrift and those who dared to criticize were regarded as unhelpful and deliberately oppositionist (Bateman & Chang, 2009). A literature review on the benefits of micro-finance indicates that early debates were mostly based on heart-warming anecdotes and case studies, without empirical evidence on its actual impact (see Karnani, 2011). The Center for Global Development (2007) emphasised this view when it maintained that:

> There are many stories of the transformative effect of microfinance on individual borrowers but until recently there has been surprisingly little rigorous research that attempts to isolate the impact of microfinance from other factors, or to identify how different approaches to microfinance change outcomes (p. 1).

It is hereby propounded that as part of trying to understand whether micro-finance benefits the poor or not in South Africa, it is equally important to understand the impact of formal and informal money lenders on the lives of the same. This may lead to a better understanding of the problems encountered by the poor and the injustices with which they are confronted. As shall be further discussed in the research question section, the information gathered would help micro-finance providers to answer the question – how do poor recipients feel about themselves when they receive money?

1.2 Micro-finance, self-esteem, self-efficacy and poverty

By virtue of its goal, micro-finance is primarily aimed at the poor and is thus, interlinked with poverty. Older and new literature showed that micro-finance was regarded as the offering of financial services to poor households that do not have access to formal institutions, with the primary aim of improving the lives of the poor (see Ledgerwood & White, 2006; Mas, 2009). Micro-finance is an important social enterprise that provides financial access to the poor and as argued previously, it is important to obtain a better understanding of how it affects the lives of the poor, particularly their self-esteem. This present study offers an empirical way of understanding the impacts of micro-finance on the poor, and focuses on the relationship between micro-finance, self-esteem and self-efficacy.

According to Emler (2001), a distinctive feature of modern usage of self-esteem is that self-esteem is a kind of resource or asset that humans possess. People desire self-esteem, just as they may be expected to desire prosperity, good physical health or freedom of thought. Emler maintained that this aspiration is made legitimate and admirable by the human sciences, which encourage the belief that high self-esteem or self-efficacy is not only good for the individual, but also good for society. Baumeister, Campbell, Krueger, and Vohs (2003) supported this view and contended that as the net effect of high self-esteem or self-efficacy reinforces both good behaviour and self-improvement, the outcomes thereof contribute to both the happiness of the individual and the betterment of society. In the same breath, it is hereby maintained that high self-esteem and self-efficacy is good for collective well-being and is worth investing in, to ensure there is plenty of it.

Hewitt (1998) pointed out the importance of high self-esteem by highlighting that business people have been advised to nurture the self-esteem of their customers because this will significantly contribute to the latter's net worth; customers with high self-esteem or high self-efficacy are more likely to repay loans and bring good returns to the business or enterprise. It is believed that people with high self-esteem or high self-efficacy are less likely to misuse drugs, commit crimes, drop out from school, get involved in unsafe sexual practices that could pose a risk to health or result in unwanted pregnancies. They suffer from stress, suffer from eating disorders, commit acts of racism or child abuse or violence towards their partners, become constantly dependent on the state for financial assistance, or get more depressed and attempt suicide (see Emler, 2001). In line with this belief Baumeister et al. (2003), maintain that high self-esteem inoculates people, and in particular, the young and poor, against vulnerability to a wide range of social ills.

Given this set of beliefs about self-esteem and self-efficacy, it is important to spend time, money and talent to truly study and understand the impact of micro-finance on those who are poor to alleviate the burdens of poverty on individuals and society at large. The link between micro-finance and self-esteem is explored in detail in the next chapter.

1.3 The research problem and question

The present study endeavoured to explore the relationship between micro-finance, and self-esteem and self-efficacy of the poor and underbanked in South Africa. It intended to shed light on the relationship existing between micro-finance, and self-esteem and self-efficacy, with particular emphasis on the psychological factors that affect the self-esteem and self-efficacy of the poor. The study's research problem is best captured by Aigbokhan and Asemota (2011) when they contended that:

> There is no consensus on the impact of microfinance on the welfare of poor households. While some argue that microfinance has a positive and significant impact on welfare outcomes, others argue that there is no significant positive impact and that at times the impact is adverse (p. 38).

Micro-finance forms an important part of providing financial access to the poor, not only due to its materialistic impact, but also due to its psychological impact. Thus, the continuing intense debate about the effect of micro-finance on the poor is not surprising. Lately, Dallimore (2013) posited that a more reflective stance has been taken to micro-finance provision, but these reflections like the arguments in support of micro-finance over the past years, lack empirical confirmation. Thus, despite the information gathered on micro-finance, there is still a gap on the true empirical impacts of micro-finance.

In light of the arguments presented in the preceding paragraph, the contention that there is a dire need for more empirical research studies on micro-finance and self-esteem is hereby supported. Robinson (2001) emphasised the need for micro-finance impact research studies when he maintained:

> Overall, however, the microfinance industry has little systematic, reliable information on the impact of its services on its clients and their households. As the microfinance industry comes of age, well-designed, carefully conducted, and statistically significant studies of the impact of its services should be carried out (p. 123).

As already argued, even though there is extensive focus and international research on micro-finance, there is little or no empirically validated research on the relationship and impact of micro-finance on self-esteem and self-efficacy of the poor recipient. It is thus of cardinal importance to gain a better understanding of how micro-finance affects the day to day life of the poor, and specifically in this case, their self-esteem and self-efficacy. In the interest of paving the way for economic viability of all South Africans, the present study offers an empirical way of looking at and understanding the impact of micro-finance on the poor, by focusing on how their self-esteem and self-efficacy are related to the provision of micro-finance. The study attempted to provide an answer to the following question - What is the relationship between micro-finance, and self-esteem and self-efficacy of the poor in South Africa?

1.4 Research aims and goals

As mentioned in the section discussing the research problem and question, this study aimed to rigorously explore the relationship between micro-finance, and the self-esteem and self-efficacy of the poor and underbanked in South Africa. It is therefore, important to understand whether micro-finance benefits the poor or not, by understanding the impact of both the formal and informal moneylenders on the lives of the poor. The study intended to shed light on the relationship and impact of micro-finance on self-esteem and self-efficacy, with particular emphasis on the psychological factors that affect self-esteem/self-efficacy of the poor. As highlighted in 2001, Robinson made a passionate plea that as the micro-finance industry comes of age, researchers should carefully conduct well-designed and statistically sound studies on the impact of micro-finance. The present study is a partial response to this call. Most importantly, it is hereby posited that micro-finance forms an important part of providing financial access to the poor and thus, rigorous empirical analysis of micro-finance programmes needs to be undertaken so that information gathered could help both micro-finance providers and poor beneficiaries.

In light of the preceding argument, the exploration and evaluation of the relationship between micro-finance, and self-esteem and self-efficacy lent themselves to two important goals. First, the immediate objective was to explore and describe the link or association between micro-finance, self-esteem and self-efficacy. To this extent, an attempt is made to answer the question: what relationship exists between micro-finance self-esteem and self-efficacy? The study therefore, investigated the direction and strength of the relationship between micro-finance, and self-esteem and self-efficacy. Thus, by using statistical procedures, the study will be able to determine whether the relationship is positive or negative.

The second objective was to investigate whether provision of micro-finance increases the poor’s self-esteem or self-efficacy, as alleged by supporters of micro-finance. To this extent the study answered the question - does micro-finance lead to an increase in self-esteem and self-efficacy? To fulfil this goal, statistical techniques were used to empirically test if micro-finance impacts self-esteem and self-efficacy.

1.5 The theoretical paradigm

Critical theory as espoused by Max Horkheimer was adopted in this research study as a theoretical paradigm. The adoption of critical theory in this research study may come as a surprise to many a researcher, primarily because it is not typically used with the research methods used for the present study. It was chosen mainly because it provides the descriptive and normative basis for social inquiry aimed at freeing human beings from that which enslave or disadvantage them. This theory is relevant to this study in its aim to explain and transform circumstances that enslave human beings (in this case poverty). Ngwenyama (1991) maintained that critical theory does not agree that science is value free; it makes its value position explicit, which is to make the human condition better. Betterment of the human condition means liberating people from social and psychological distortions and barriers to social progress. In this research inquiry, an attempt is made to shed light on whether the lives of the poor can be transformed by the provision of micro-finance – whether micro-finance leads to increased self-esteem and thus, freedom from oppressions of poverty. Similarly, if micro-finance is found to be negatively related to the poor's self-esteem, it may be perpetuating their situation. As further explained in Chapter Two, those who propound a negative view of micro-finance believe that it can be used to perpetuate domination or bondage to micro-finance providers.

Further, critical theory was chosen not only because it identifies critical knowledge based on principles of human emancipation, but also through its orientation to self-reflection. In Habermas' (1971) epistemology, critical knowledge offers understanding that enables human beings to emancipate themselves from forms of domination through self-reflection. To this extent, critical theorists would view the poor and underbanked as using micro-finance as a means to free themselves from poverty or as a means to survive their circumstances. They reflect on ways of circumventing their circumstances and thus, apply for micro-finance as a way of dealing with their present situation. The current study of self-esteem and self-efficacy was conducted using self-reports, whereby participants responded to items on the Rosenberg self-esteem and General Perceived self-efficacy (GSE) scales. The current research topic where the relationship between micro-finance, and self-esteem and self-efficacy was empirically investigated is thus relevant for critical theorists, primarily because it bases its knowledge on human self-reflection.

Thirdly, critical theory aims to study, understand and confront societal injustices wherever they exist. Schofield Clark (2010) contended that critical researchers aim to understand the link between societal structures (especially those economic and political) and ideological patterns of thought that constrain the human imagination and thus, constrain opportunities for confronting and altering unfair social systems. Micro-finance has the potential to be used for the good of the poor or equally to their detriment, thus, perpetuating social injustice. This is more so, since financial help to those who occupy the lowest economic structures in society is usually provided by those in the higher economic structures. It is possible that, should the impact of micro-finance on the poor not be critically studied, we may be perpetuating the interest of the rich on the poor. As explained in the literature review, micro-finance detractors maintain that micro-finance leads to more misery and is one of the mechanisms used by the rich to exploit the poor.

Given this debate, micro-finance provision is, therefore, a relevant topic to be explored by critical theorists in order to understand how it relates to, and impacts on, the poor's self-esteem and self-efficacy. Micro-finance promoters position it as a noble cause that is mainly concerned with the interest of the poor – to change their lives and assist them to leap frog out of poverty. Critical theory, as maintained by Neilsen (1992), gives us knowledge of societal structure and dynamics that enables us to determine what our true interests are. It is able to shed light on whose interests we are serving – the wealthy elite or the poor. In the present study, the self-esteem of micro-finance recipients was of central importance; their interests and well-being was studied in the light of micro-finance provided by the rich. It is hereby not only believed that the research topic is relevant to critical theory, but that the knowledge gained in this study may lead to an enhanced understanding of the psychological factors associated with the provision of micro-finance, and better treatment of recipients.

Lastly, critical theory was adopted in this study as it is inherently interdisciplinary and allows the use of various research methods and styles. The trend in critical theory is towards a more practical, multidisciplinary approach that uses pluralism inherent in various methodologies and methods amongst critical theorists. Critical theory does not use a unique research approach; it is methodologically thoroughly pluralistic. Ngwenyama (1991) supported this view and maintained that critical theory does not prescribe its own unique research methodology, but allows one to adapt any of the many currently available methodologies to fulfil its needs.

As discussed in Chapters Three and Four, critical theorists argue that critical theory should enrich an understanding of society by incorporating all the major social sciences, including Geography, Economics, Sociology, History, Political science, Anthropology, and Psychology. Instead, they contend that social inquiry must combine rather than isolate the poles of philosophy and the social sciences (see Bohman, 2007; Summer 2003). Schofield Clark (2010) maintained that critical theorists believe that there is no single methodology that is superior to all other methodologies. In all instances, various research questions lend themselves to different methodologies. In light of this statement, the quantitative research method was adopted as the best method to address the objectives of this study.

1.6 Research design and method

It has been argued throughout this chapter that debate on micro-finance is mostly based on heart-warming anecdotes and case studies, but with little empirical data on its actual impact. In particular, it has been emphasised that there is currently no or limited empirically validated research on the relationship between micro-finance and self-esteem of poor recipients. It is about time that a careful description took place to remove speculations and anecdotes. To this extent, a quantitative approach was employed to investigate the impact of micro-finance on the lives of the poor by empirically examining its relationship with the self-esteem and self-efficacy of the poor in South Africa. This scientific approach was chosen as it provides us with a carefully developed system for answering questions such that answers achieved are as accurate and complete as possible (Gravetter & Forzano, 2012). The immediate question to address then is - what is science and how is it done? It is therefore, hereby acknowledged that there are divergent views and approaches to what science is. The current discussion focuses on the general characteristics of science as used in this study in line with what he believes science is.

Bordens and Abbott (2011) described science as “a set of methods used to collect information about phenomena in a particular area of interest and build a reliable base of knowledge about them" (p.2). It is a method of acquiring knowledge that uses observation to make rational predictions that can be empirically validated by making additional, methodical observations (Gravetter & Forzano, 2012). Scientific knowledge is acquired by doing research that involves a scientist identifying a phenomenon to investigate, developing hypotheses, collecting data to conduct a study, analysing the data, and disseminating the results. At the heart of any science is information that is obtained empirically or through observation and measurement of phenomena. The scientific method is systematic, thus, it is a carefully developed system used for asking and answering questions so that the discovered answers are as accurate as possible. It contains a series of steps that are governed by a set of over-riding principles. Three important principles of science proposed by Gravetter and Forzano(2012) are discussed in the following paragraphs.

1.6.1 Science is empirical

Science is empirical means that answers are obtained by making structured or systematic observations. Although preliminary answers or hypotheses may be obtained by other means, science requires empirical verification. The purpose of the observations is to provide an empirical test of the hypothesis. Therefore, the observations are structured so that the results either provide clear support for, or clearly refute the hypothesis. The structure of the observations is determined by the procedures and techniques that are used in the study. In the study, structured questionnaires in the form of self-reports were used to gather information.

1.6.2 Science is public

Science is public, thus the scientific method makes observations available for evaluation by others, especially other scientists. In particular, other individuals should be able to conduct the same process step-by-step that led to the observations so that they can repeat the observations for themselves. Replication or rather, repetition of observation allows confirmation of the findings. The result of the study will be shared with the wider research community and be made public to be scrutinized by other scientists and the public at large. This point is further discussed in Chapter Four.

1.6.3 Science is objective

Because science is objective, observations are structured to ensure that the researcher's biases and beliefs do not sway the outcome of the study. In other words, the researcher does not let personal feelings taint the observations. Scientific objectivity is an ideal goal that scientists strive to achieve. Science is a human enterprise, complete objectivity can never be attained, but the scientific method by its nature is designed to protect against bias as much as is possible. A high degree of objectivity can be attained by clearly making personal biases and beliefs known, making structured observations, using statistical measures and making observations available for evaluation by others. In line with critical theory thinking, the study seeks to produce generalised knowledge through reflective inquiry of social practice led by norms of public testing, falsifiability and intersubjective agreement on data (see Ngwenyama, 1991).

As argued in the discussion of the theory, critical theory allows one to use research methodology as demanded by the context in which it is embedded. For the purpose of the present study, a quantitative approach was adopted. Quantitative research is founded on the measurement of variables for individual participants to obtain scores, usually numerical scores that are statistical analysed, summarised and interpreted. This approach was deemed relevant for the study as it enables one to empirically answer the research questions and statistically validate observations made. Thus, the research was able scientifically to gather reliable information on the relationship existing between micro-finance and self-esteem that could help dispel or confirm existing speculations and anecdotes. In the study, statistical techniques were rigorously used to determine the relationship between micro-finance and self-esteem; namely, to obtain an accurate prediction of the direction and strength of the relationship between micro-finance and self-esteem using correlations (Graziano & Raulin, 2010).

In conclusion, although it is believed that the scientific quantitative method was appropriate for this topic, it is important to note that it is by no means the only method of inquiry that could have been used to study the relationship between micro-finance and self-esteem. It is one of the many ways that could have been employed. Different researchers or scientists may have used different methods, and perhaps achieved very different results and come to different conclusions. All could have been valid or appropriate depending on a variety of contexts and circumstances.

1.7 Outline of the study

This thesis consists of six chapters. The present chapter is a general introduction to the research study. Focus is placed on the justification for the study, the research question, and the research aim. It concludes by introducing the methodology used in the investigation and the theoretical paradigm informing the study. It was used to lay the foundation for the chapters that follow.

In Chapter Two an overview of the concepts of micro-finance, self-esteem and self-efficacy is presented. A number of definitions of these concepts are given and used as guidelines to formulate definitions used in this study. This chapter offers a discussion of the literature review. It discusses previous research findings on micro-finance by outlining both the anti-micro-finance and pro-micro-finance views. Emphasis is placed on the perceptions and attitudes prevailing from different role-players, especially in terms of what the poor ought to experience. The chapter concludes by giving a detailed discussion of the current micro-finance landscape in South Africa, and by presenting an overview of the company used in this study.

The third chapter presents the theoretical framework used in the study. To illuminate the concept of micro-finance and its relation to human behaviour, this chapter starts by discussing economic psychology and its relevance in this study. The remainder of the chapter is devoted to a comprehensive discussion of critical theory as the theoretical framework guiding this research study. It presents the history of critical theory and the three variants of critical theory that exist. The basic tenets of critical theory are discussed with particular emphasis on their relevance to this research study. Further, it discusses trends in critical theory and how this study contributes and relates to these developments. The chapter concluded with a brief discussion of the main structural injustices that are deemed to prevent equal participation in the South African economy.

In Chapter Four, a detailed description of the research methodology and an outline of the research process that was followed is presented. The chapter starts with a comprehensive discussion on the link between critical theory and the research method used in the study. In this chapter, how the question on this specific method was chosen is addressed. A detailed presentation on the research strategies and research designs is presented by giving the reader information on the participants, sampling methods, data collecting and analysis techniques. The ethical principles are discussed with emphasis placed on how they were applied in the study. It is with this in mind that the steps taken in this study to ensure that ethical principles were observed are presented. The chapter is concluded by giving special attention to the validity and reliability of the concepts, with focus on their relevance and application in the research investigation.

In the fifth chapter, the results of the study are presented with emphasis placed on how data was analysed and conclusions drawn. The first part provides a description of the sample, the achieved psychometric properties of the measurement scales used and ends with a presentation of the distribution properties of scores in the study. The second part gives an account of the results on the variables under study. It explains the results by exploring the variance between the two independent groups (experiment and control groups) and ends with concluding remarks on the achieved results.

In the final chapter, which in essence, captures the study, the preceding chapters are integrated. The results, the interpretation thereof and their implications are discussed. The limitations and strengths of the study are also outlined. The chapter is concluded with a presentation of recommendations for future studies or projects on micro-finance and self-esteem.

1.8 Structure of the study

In this chapter, the framework of the structure and contents of the research study were presented. The background to the arguments and ideas that informed the study was outlined. The importance of micro-finance as an enterprise used to provide financial access to the poor, the debates and uncertainties that still exist about its general impact, especially to those who are supposed to benefit, were discussed. This chapter provided the reader with context in terms of the research question to be addressed, the objectives and a preliminary view into the theory and research methods used in this study. It is by no means the only way to explore this topic or discovery, but one of the many ways used to understand the impact of micro-finance on the poor, by focusing on poorer South Africans' self-esteem and self-efficacy.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, a review of old, recent and seminal literature shows that, in spite of the strides already made in bringing micro-finance to the poor, its impact on the lives of its recipients remains a fiercely debated topic amongst researchers and practitioners. Proponents of micro-finance argue that it is one of the broad-based and inclusive financial systems that can significantly aid financial development, lower the rate of poverty and expand economic opportunity in developing countries. Micro-finance is a means that can be used in countries like South Africa to overcome the two-economy divide and to transfer vast resources into the second economy. The two-economy divide refers to the formal, highly modern and sophisticated financial system serving the full range of financial needs of a small proportion of the South African population on the one hand and on the other hand, the micro lending and informal sector serving the majority of the population in both urban and rural areas. These many dimensions of economic difference have immense psychological consequences. As discussed in the paragraphs to follow, critics of micro-finance regard it as one of the myriad strategies developed by the rich to enrich themselves at the expense of the poor. They strongly argue that micro-finance does more harm than good to the poor, that it destroys the social fabric of communities and that it leads to a poverty cycle. A few micro-finance researchers take a more moderate stance and posit that micro-finance does not improve the well-being of micro-finance clients much, with only marginal gains in well-being achieved by clients.

In this study, the concept of micro-finance was explored in the light of its relationship to self-esteem and self-efficacy. This chapter explores this topic in two main sections. The first section starts by setting the scene, which is a short description of how micro-finance began and what it aims to achieve. This is followed by a literature review on the definition of micro-finance and a subsequent operational definition that was used in this study. A distinction between micro-finance and microcredit is made to present to the reader how the two concepts differ and their subsequent interchangeable usage in literature. In the first section, the history of micro-finance and the developments that are shaping the micro-finance landscape are explored further. The influence of partnership and commercialisation on micro-finance, which is a highly topical issue, is discussed from both the opponents' and proponents' points of view. Literature on the impact of micro-finance is fully discussed by presenting the two opposing schools of thought; the discussion is centred on the demerits and merits of micro-finance.

The first section is concluded by presenting micro-finance in the South African context. It starts by profiling poverty and the role played by micro-finance in South Africa. The reader may be inclined to believe that micro-finance is presented as a South African panacea, but it is argued that poverty in South Africa is multi-faceted and that a range of solutions are required to reduce inequality and the unequal distribution of wealth in South Africa. Baumann (2004) insightful discussion of the difficulties faced by micro-finance institutions operating in South Africa is presented.

In the second section, the concept of self-esteem is defined and discussed by giving various perspectives on what it is and what it is not. The discussion explores the link between micro-finance, poverty and self-esteem. Self-efficacy is then defined and discussed as an important element of self-esteem. The second section ends by giving an overview of the ABSA Micro Enterprise Finance (AMEF) which is the institution that participants were recruited through for the study. Permission was sought and granted to interview people who applied for micro-finance with AMEF (see Appendix E). The discussion of this institution is aimed at giving context to the operating model and the unique challenges faced by AMEF.

2.2 Micro-finance - beyond good intentions

Throughout the world, the plight of the poor has captured the interest of governments and ordinary citizens with the subsequent mushrooming of so-called poverty alleviation strategies. In its purest intention, it is a poverty alleviation tool. Hashemi (2007) maintained that many individuals, donors, foundations, and governments put money in micro-finance projects with the belief that micro-finance is beneficial to poor people. As shown in the paragraphs that follow, micro-finance began as one of the best poverty alleviation strategies. Mas (2009) captured this assertion when he maintained that the micro-finance movement started as an innovative model to extend credit to poor and economically disadvantaged people. It is now regarded as a novel grassroots model of poverty alleviation in which large numbers of poor and disadvantaged people are given financial tools that enable them to look for new and better livelihood opportunities. As put by Roy (2010), micro-finance represents a paradigmatic example of a new moment of development, characterised by an interest in poverty alleviation and focused on ideas of self-help and empowerment.

Micro-finance, as explained in its definition, is seen as a way of providing financial access to the previously unbanked. Its intentions are presented as good, and if used properly, it can unleash people's entrepreneurial capability. To supporters, it offers the poor the opportunity to utilise skills which remain unutilised or underutilised in the face of poverty. Yunus (2003) maintained that it is not lack of skills which make poor people poor, and that charity is not the answer to poverty. He further asserted that unleashing energy and creativity in every human being is key to poverty eradication. Jonker and Southey (2009) recently posited that a number of studies show that the provision of basic financial services is able to produce improvements in measures of welfare, including income growth and stability, school attendance, health and nutrition.

Financial and enterprise systems serving the majority could be the important links and the levers, assisting the poor to share in economic growth and giving them the means to use social services (Swider, 2001). The essence of the this argument was summed up by Wangwe and Charle (2004),when they contended that financial services to low income entrepreneurs may be the single most real way to alleviate poverty and achieve broad-based economic growth. Worldwide reforms in financial systems should be accompanied by means that encourage institutions, instruments, relationships and financing arrangements aimed at providing sound, quick financial services to the majority of enterprises that have not had access before. Experience around the world has shown that micro-entrepreneurs do not need handouts and that micro-lenders do not have the ability to continuously subsidise borrowers. In fact, low-income entrepreneurs want quick and continual access to financial services, rather than subsidies (Norton, 2004).

South Africa, like many developing countries, has been battling with the challenge of bringing the poor into the mainstream economy and making them economically viable. Many authors (e.g. Baumann, 2004; Mas, 2009) have argued that micro-finance, especially in South Africa, can be a means to overcome the two-economy divide and to transfer vast resources into the second economy. Thus, it can be used as a vehicle towards social inclusion aimed at reducing inequality across the haves and the have-nots - poorest of the poor.

As observed by many micro-finance analysts, much of the passion and commitment to micro-finance is based on the strong belief that access to financial services can help clients better their lives (Hashemi, 2007). Although access to micro-finance is crucial because of the opportunities it opens up to improve the lives of beneficiaries it does not automatically lead to the realization of the expected benefits. There is a need to move beyond the good intentions about micro-finance to evidence backed impact analysis. As highlighted in Chapter One, it is time that more thorough quantitative and qualitative studies be conducted to shed more light on how micro-finance affects the lives of poor people.

2.2.1 Defining micro-finance

The literature on micro-finance contains numerous definitions, some broad and some narrow. A recent definition widely quoted in the literature is that provided by Geetamma and Bulla (2013):

> Microfinance refers to small-scale financial services for both credits and deposits that are provided to people who farm or fish or herd; operate small or micro enterprises where goods are produced, recycled, repaired, or traded; provide services; work for wages or commissions; gain income from renting out small amounts of land, vehicles, draft animals, or machinery and tools; and to other individuals and local groups in developing countries, in both rural and urban areas (p. 42).

More general definitions of micro-finance state that “in general, micro-finance is a developmental tool that is designed to provide financial services to those in the low-income group and to the poor who are excluded from the mainstream financial services sector” (Kanchenche, 2008, p. 20) and that micro-finance is “the provision of financial services, primarily but not exclusively savings and credit to poor households that do not have access to formal institutions” (Ledgerwood & White, 2006, p. 30). An older more specific definition was provided by Van Maanen (2004) when he maintained that microcredit or micro-finance, is banking the unbankables, bringing credit, savings and other essential financial services accessible to millions of people who are too poor and are not serviced by regular banks; in most cases these people are excluded because their inability to give sufficient collateral.

The essential characteristics of micro-finance captured in these definitions are:

- A kind of financial service given to unemployed or low-income individuals or groups.
- A provision of aid to individuals or groups who would otherwise have no other means of gaining financial services.
- The ultimate goal of micro-finance is to provide low-income people a chance to become self-sufficient by providing financial services which include: saving money, borrowing money and funeral insurances.
- Micro-finance is a financial service offered to those who are not serviced by regular banks

In the current study, the focus is on the provision of loans. Micro-finance, unlike a personal loan, which is an unsecured loan targeted at individuals who earn a stable income, is targeted at poor entrepreneurs. For the purpose of this study, Kancheche’s (2008) and Van Maanen’s (2004) definitions are adopted; micro-finance is hereby operationally defined as a very small, between R1 000 and R15 000, often short-term, namely, 6 months to 12 months loan provided to an impoverished entrepreneur, that is, an individual who runs a small business with considerable initiative and risk, especially in rural and peri-urban areas. Given Van Maanen’s definition of micro-finance and the study’s operational definition, the word microcredit, which is interchangeably used with micro-finance, given the focus of the study is on the provision of a small loan or credit on a short-term basis, is further explored.

2.2.2 Micro-finance and microcredit

In the literature, the terms, microcredit and micro-finance are often used interchangeably, but it is important to highlight the difference between them because both terms are often confused (Wrenn, 2005). As presented in the preceding section, microcredit refers to small loans, whereas micro-finance is the provision of a wider range of financial services such as primarily, but not exclusively savings and credit to the very poor. Therefore, microcredit is a component of micro-finance in that it involves providing credit to the poor, but micro-finance also involves additional non-credit financial services such as savings, insurance, pensions and payment services.

A microcredit institution is a micro-finance establishment that makes small non-recourse loans to financially disadvantaged people who are likely to be considered ‘unbankable’ by commercial banks. As Mas (2009) put it, other services offered as part of micro-finance are micro-savings, money transfer vehicles and micro-insurance. Microcredit is part of a group of financial service innovations under the umbrella term, micro-finance. According to Mas, micro-finance aims at providing financial tools for the poor to be able to participate in their productive activities and stabilise their expenditures in food, health and education. Lately, Ahmed, Brown, and Williams (2013) contended that a micro-finance institution is a ‘social enterprise’, whose primary mission is to improve the lives of poor people through provision of financial services. Microcredit, as part of micro-finance, is one such tool.

For the purpose of this study, micro-finance or microcredit regarded as the extension of very small loans to the poor designed to stimulate entrepreneurship. These individuals lack collateral, steady employment and a verifiable credit history. Recently, Karim, Tania, and Farazi (2013) maintained that microcredit, also called micro-finance and micro-lending, means offering small working capital loans to the poor who are self-employed. They further asserted that even small amounts of capital can make the difference between utter poverty and a thriving small business generating enough revenue to fend for the family, send children to school and build decent housing. Micro-finance or microcredit suits mostly those with entrepreneurial capabilities and possibilities. It thus fits the poor who work in emerging economies, and who can carry out activities that create weekly steady incomes. To avoid confusion micro-finance and microcredit are hereby used interchangeably to imply the provision of a small loan to the poor on a short-term basis.

In the section that follows the literature on micro-finance is reviewed. Emphasis is placed on how literature has changed over the years. A mixture of dated, recent and seminal literature is used to show how the micro-finance landscape has developed and to highlight some of the on-going debates in this field. In this section, how micro-finance unfolded from the 1800 century to the current state, from a strategy praised as a poverty alleviation without being questioned, to an empirically researchable phenomenon where researchers propound different views about its merits and demerits is explored.

2.3 The history of micro-finance

The origin of the concept of micro-finance is not as recent as many assume (Longhurst, n.d.). The history of micro-financing can be traced back to the middle of the 1800s when various efforts were made to provide lending services to the poor; one notable example set up by the pastor, Jonathan Swift and the Irish Loan Fund (Bugg-Levine & Emerson, 2011). Other examples include German rural cooperatives in the early 18th century, a West African network of lenders and various credit unions throughout the world. An economical historian named Timothy Guinnane did some research on Friedrich Wilhelm Raiffeisen´s village bank movement in Germany, which started in 1864. By 1901, the bank had reached two million rural farmers (Longhurst, n.d.). Guinnane showed that already at that time, microcredit could pass the two tests: people’s payback moral and the possibility of providing financial services to poor people.

From the 1950s to the 1970s, the provision of financial services by donors or governments was mainly in the form of subsidised rural credit programmes. These often resulted in high loan defaults, high losses and an inability to reach poor rural households (Robinson, 2001). The difference between microcredit and the subsidised rural credit programmes of the 1950s and 1960s was that microcredit insisted on repayment, on charging interest rates that covered the cost of credit delivery and on focusing on clients who were dependent on the informal sector for credit. It now became clear for the first time that microcredit could provide large-scale outreach profitably. Robinson further posited that the 1980s was a turning point in the history of micro-finance in that MFIs such as the Grameen Bank began to show that they could provide small loans and savings services profitably on a large scale. They received no continuing subsidies, were commercially funded and fully sustainable, and could attain wide outreach to clients (Robinson, 2001). It was also at this time that the term, microcredit came to prominence.

The 1990s was referred to as "the micro-finance decade" (Dichter,1999, p. 12). There was an accelerated growth in the number of micro-finance institutions created and an increased emphasis on reaching scale. According to Robinson (2001), micro-finance became an industry during the 1990s. Along with the growth in microcredit institutions, attention changed from just the provision of credit to the poor (microcredit) to the provision of other financial services such as savings and pensions. This ushered in the modern micro-finance era, which emerged predominantly from various experiments in Bangladesh, India and Brazil (Longhurst, n.d.).What emerged from these experiments was that the lack of pledged collateral could be overcome when people lent as groups with the entire group responsible for repayment. Thus, the social pressure of the groups (which works best with groups of women) substituted the threat of losing pledged collateral. Furthermore, the group members' knowledge of their peers was used to establish creditworthiness; thus, substituting credit reports or the studies of loan officers.

The 1990s' momentum was carried through to the 2000s. A new wave of micro-finance initiatives introduced many innovations into the sector (Longhurst, n.d). Many pioneering enterprises began experimenting with loaning to underserved people. Organisations such as Grameen Bank of Bangladesh led by the economics professor, Mohammad Yunus shaped the modern industry of micro-financing. Widely known as the father of microcredit, Muhammad Yunus (2003) maintained that microcredit is founded on the principle that the poor have skills, which remain unutilised or underutilised. He further contended that microcredit is a service for poor people, those who are unemployed and entrepreneurs or farmers who are not bankable. The year, 2005 was proclaimed as the International Year of Microcredit by The Economic and Social Council of the United Nations in a call for the financial and building sector to stimulate the strong entrepreneurial spirit of the poor people around the world. Mohammad Yunus and Grameen Bank were awarded the Nobel Peace Prize in 2006 for their pioneering work on micro-finance.

Until 2010, many could have argued that micro-finance was the most successful brand in international development (Longhurst, n.d.). Due to this brand, which appealed to the entire political spectrum, the industry received over billions in direct grants and subsidy loans. Money flowed from governments, foundations, trusts, philanthropies, pension funds, investment funds and such. For many years prior to 2010, micro-finance was virtually immune from criticism and those who dared criticise were regarded as disruptive and were deliberately ignored (see Bateman & Chang, 2009). Since then there have been many developments and debates in the micro-finance arena. Amongst others, new developments include the commercialisation, regulation and subsidisation of micro-finance. In the section that follows, one of the major progressions in micro-finance, from charity to commercialised partnerships, is addressed.

2.4 A shift in focus - partnership and commercialization

The emphasis in poverty alleviation strategies is shifting to include concepts that have never been used before in the area of micro-finance. More and more scholars and practitioners are advocating for profitable partnership rather than charity. Mohammad Yunus (2003) contended that microcredit programmes should not fall into the logical trap of conventional banking firms and start looking at the poor borrowers as some type of time bombs that ticks away and is waiting to create havoc on certain dates. He maintained that micro-lenders must remove tension from microcredit by allowing the system to be flexible and enduringly establishing full dignity to the impoverished borrowers. By so doing, both sides in the microcredit system, the lender and the borrower, can enjoy microcredit, rather than creating occasional nightmares for each other. This is seen as a shift that will put to rest many fears and preconceptions about global companies existing to exploit rather than to develop the poor. Thus, in essence micro-finance should be seen as an initiative in which robust partnerships involving all actors can bring pieces of the solution puzzle to the table. This shift in focus is succinctly captured in the latest literature as maintained by Werhane, Kelley, Hartman, and Moberg (2010) when they posited that “poverty alleviation strategies that focus solely on foreign aid or philanthropy, social responsibility, even though these are all worthwhile ideas, are flawed. Instead companies should seek profitable partnerships with the poor for mutual gain" (p. 21).

Closely related to the concept of profitable partnerships is the commercialisation of efforts to extend financial services to the poor, in particular commercialisation of micro-finance. Bell (2010) purported that, due to the blossoming of the micro-finance sector over the past thirty years as a vital tool for the poor, a new phenomenon in the industry has emerged in the form of commercialisation in micro-finance. He further argued that this shift started in the 1990s when cracks were seen in the stone wall that has since divided the micro-finance and formal financial sectors, as many non-governmental organisations (NGOs) began up-scaling and many banks went down-market. According to Bell, the micro-finance sector has mellowed and has proved over the past thirty years to be an invaluable poverty alleviation institution that has the ability to maintain itself with high repayment rates and fairly low interest rates, and is able to cover its own costs. Alongside its success has come a bigger interest in growing the sector to service the needs of each person who does not have the ability to make the most of conventional funding sources.

Mas (2009) contended that the micro-finance revolution is still emerging and is probably irreversible due to the enormous unmet need for micro-finance. He further maintained that it is proven that this need can ably be lucratively met on a bigger scale, and because information about the financial gains of funding the economically active poor has started to be extensively disseminated. As micro-finance has expanded to try to match demand, it has collided with a problem in terms of funding this rapid expansion or growth (Bell, 2010). Traditional funding for micro-finance institutions has mainly been received from subsidised funding sources because of the sector's origin in NGOs. According to Bell, the micro-finance industry has experienced a level of rapid growth because of micro-finance's successful past. This resulted in subsidised funding being unable to live up to the demands it generated and consequently, micro-finance institutions experienced a dire shortage in funding and need for commercialization.

Commercialisation goes hand in hand with regulation, and as commercialisation takes grip of the micro-finance business it converts NGOs into controlled or regulated micro-finance institutions. Bell (2010) maintained that this transformation allows for growth in the micro-finance sector. The question can be asked whether these changes are really benefiting the poor and encouraging development. Ghosh (2013) argued that in order to fulfil some of its progressive goals, micro-finance must be regulated and subsidised, and other strategies for viable financial inclusion of the poor and of small producers must be pursued more actively. Recently, The World Bank's *The Global Financial Development Report* (2014) put forward evidence showing that advances in the legal, regulatory and institutional environment are beneficial for development in general and also quite valuable for financial inclusion.

Over the years, critics (e.g. Karnani, 2007; Marr, 2003) have claimed that as transformation happens, the balance between business and development will tip in favour of the former. One of the strongest criticisms used to back the notion that business dominates the development concerns of regulated micro-finance institutions is that many NGOs are converted into a banking institution under regulated micro-finance, or end up pairing with a banking institution. Social programmes previously offered, for example, business development services, are at that stage reduced or eliminated. Yunus (2003) believed that these social programmes provided by NGOs are not necessary because the poor simply have under-utilised skills being disadvantaged, and are merely in need of capital, not training.

As a substitute for reduced social programmes, regulated micro-finance institutions are able to offer the poor financial services such as savings, credit, remittances, and other services in accordance with a country's legal system and regulation governing micro-financial activities (Bell, 2010). There is potential for growth in regulated micro-finance institutions due to their improved access to capital and ability to gain funding for their services from diverse sources. Funding allows the programme to develop and reach many people who lack conventional banking services over and above those provided by a NGO.

Burgis (2008) posited that many in the micro-finance industry are fearful that, with the introduction of a revenue drive to what used to be a strictly non-profit endeavour, reckless lending is occurring at extremely high interest rates, the same kind that brought about the meltdown of the US subprime mortgage market. According to Bell (2010), another criticism usually levelled against regulated micro-finance institutions is that they are allowed to charge their clients higher interest rates than the regulatory restrictions prescribed by many governments for traditional banking institutions and therefore, are hurting the poor with unreasonably high interest rates. He further maintained that many governments permit regulated micro-finance institutions to charge customers higher interest rates than banks are allowed to charge as it is more expensive to make smaller loans. To cover the cost of funds, loan losses, and higher administrative costs involved with smaller loans, regulated micro-finance institutions are given allowance to surpass caps placed on conventional banks. If the caps are left unchanged for micro-financial activities, regulated micro-finance institutions will not afford to lend small loans, and the harm done to the poor from being unable to access funding will be much bigger than the harm of a higher interest rate.

To meet regulatory requirements, micro-finance has had to make changes. Nair (2010) posited that the commercial revolution in MFIs has been accompanied by transformations in the structure of ownership, management and nature of their stakeholder commitment. The regulatory framework is an impediment to its development goals because as increased resources go towards adding and training staff, there is decreased flexibility when dealing with clients (Bell, 2010). Commercialisation and regulation of micro-finance provide a level of bureaucracy that brings more work for the micro-finance institution. It practically translates into an increased workload for staff as a result of the amount of paperwork and requirements that go with reporting to the regulatory authorities.

One of the old criticisms about commercialisation of micro-finance is that mentioned by Drake and Rhyne (2002) that “many opposers see commercialization of micro-finance as the introduction of a profit motive into micro-finance” (p.3). This process is seen as intrinsically debasing the quality of service manifested in a commitment to help the poor in order to maximise financial returns. Opposers have propounded that in the process of getting the poor out of poverty, somewhere they seem to have lost the vision (see Sriram, 2010). They have contended that a profit motive necessarily diminishes the service quality in a kind of zero-sum game where more profit equals less service and, implicitly, fewer benefits to clients. Opponents of commercialisation are convinced that there is a mission drift associated with a commercialisation of micro-finance whereby the poor are abandoned in pursuit of higher profits and higher markets. This was recently summed up by Varottil (2014):“There is no overwhelming evidence that supports a wholesale transition to commercialization of the micro-finance sector, either on the ground of a win-win proposition or even solely on the ground of financial sustainability” (p. 250).

In spite of all the commercialisation of micro-finance demerits, it seems that the benefits of a commercialised and regulated micro-finance industry outweigh the disadvantages. As it was noted by Bell (2010), regulatory management of financial institutions advances the credibility of the institution by making sure that risk is reduced and institutions that are not abiding by the rules are improved or closed. Regulations also safeguard borrowers from unethical lending and collection practices, shield depositors from losses, and provide transparency to borrowers about the costs associated with loans. Bell further contended that progress in the micro-finance sector, which the commercialisation phenomenon has spurred, improves outreach, encourages new and better products for borrowers, improves sustainability, reduces average operation costs when fixed costs are significant, enables the industry to attract more loans from potential lenders, and stimulates more growth.

As argued in the preceding paragraphs, an environment of regulation for micro-finance that is conducive to growth is necessary to maintain the sector’s original intention to help development and those who have no access to traditional banking services. Recently, Ahmed et al. (2013) propounded that in order to better serve the needs of the poor, micro-finance institutions should be subject to governmental regulation, improved organisational governance and business models. They proposed that MFIs meet a stringent definition, be regulated and be supervised to protect poor borrowers, which will also assist in legitimising the micro-finance industry.

The commercialisation of micro-finance has brought about the necessity for governments to approve and implement specialised regulations for the micro-finance industry that differ from traditional banking regulations. Bell (2010) contended that a necessary specialised regulation that is specific to the micro-finance industry is its ability to charge a higher interest rate to allow it to cover the higher transaction expenditures associated with the industry activities. This sector also warrants regulatory authorities that will create special provisions to promote unsecured lending to clients lacking traditional collateral, the use of portfolio quality to measure risk and the creation of unsophisticated reporting methods for tracing loans and accounting processes.

Government cooperation in all countries is required to amend regulations to the realities of the ever-changing micro-finance sector. The new commercialised micro-finance sector will reach its potential and intensify its scale of services to meet the world's needs, with the support of each country's regulatory authorities (Bell, 2010). In line with commercialisation of micro-finance, the debate on the merits and demerits of micro-finance to the poor has been on-going and is still capturing the interest of many academics and practitioners. In the paragraphs that follow, this issue is scrutinised.

2.5 Merits and demerits of micro-finance

The debate on the merits and demerits of micro-finance was exacerbated by the micro-finance crisis of 2010 in Andhra Pradesh, India, during which a large number of Indian farmers (200) committed suicide. Notably, all of them were indebted to MFIs and other unspecified lenders (Associated Press, 2012). As maintained by Levin (2012), the global community ascribed the suicides to the extreme pressure of lending institutions on Indian villagers to repay exorbitant loans, and the crisis brought about a major change in the international attitude towards micro-finance. These suicides initiated a global controversy on the lack of regulation in micro-finance, which has permitted institutions to take advantage of the poor in the name of third-world development. The Associated Press (2012) construed the deaths as efforts to regain control amid the overwhelming shame brought about by the borrowers' inability to repay the exploitative debt. Reports by the Indian government laid blame for the suicides unwaveringly on the pressure put on the borrowers by the micro-finance institutions for repayment (Biswas, 2010).

In the midst of the micro-finance debate is the issue of empowering women by means of micro-finance. Gender is an important discussion point in poverty alleviation strategies including micro-finance debates and accordingly, is discussed to highlight the merits and demerits of micro-finance. It is discussed further in Chapter Two since gender inequalities is central to the theory used in this study and poverty alleviation strategies. In spite of the existing divergent schools of thought, recently more and more arguments and research statistics favour the push towards the empowerment of women (Alhassan & Akudugu, 2012; Dickens, 2015; Geetamma & Bulla, 2013). International donors, governments, scholars and development experts mostly agree that access to financial services is a strategy able to reach women and involve them in developmental processes. Those pushing for women empowerment through micro-finance posit that women are more disadvantaged than men are and therefore, need to be actively empowered. According to the World Bank's gender statistics database, women had a higher unemployment rate than their male counterparts in almost every country (Cheston & Kuhn, 2002). Poor women living in rural areas of developing countries usually experience more difficulties than men, mainly due to ascribed traditional socio-cultural roles. In accordance with these roles, women spend a considerable amount of time collecting fuel wood and taking it back home over long distances. The labour and time used in this way drains their energy and limits their ability to take part in other productive and income-generating activities (Magugui, Kogei, & Chepkemei, 2013).

To date, the association between micro-finance and poverty alleviation remains a topical issue. Sceptics are concerned about the means and aims, and simply see micro-finance as another way for the wealthy and privileged to exploit the poor, with the added hypocrisy of claiming to be helping the poor and needy.The available information and evidence give a mixed picture, showing successes as well as some limitations (see Cheston & Kuhn, 2002; Karlan & Zinman, 2010). One thing remains: poverty is a pain in the flesh of humanity. This debate is underpinned by the fact that global poverty is now of central and critical interest to the United Nations, World Bank, the International Monetary Fund (IMF), a myriad other international foundations, and governmental and non-governmental organisations (Werhane et al., 2010). A review of the literature showed that there are two opposing schools of thought on the general impact of micro-finance. Kim et al. (2007) maintained that given the conflicting findings, the question of whether women's empowerment and their involvement in micro-finance contribute to reductions in violence remains an unresolved research question of central policy importance. Some authors (e.g. Hasan, 2004; Hendricks, 2004; Marr, 2003) have argued that micro-finance interventions have negative effects on the poor. Other authors (e.g. Duvendack & Palmer-Jones, 2012; Geetamma & Bulla, 2013; Robinson, 2001; Swider, 2001) have provided evidence that supports the view that micro-finance is a powerful method of building and improving the quality of life and the self-confidence of the poor. The debate on the two schools of thought is still on-going and a brief discussion on the demerits and merits thereof is presented in the section that follows.

2.5.1 Micro-finance is detrimental

Two decades ago, in their most-cited source of evidence on the impacts of micro-finance, Hulme and Mosley (1996) concluded that micro-finance is not a panacea for poverty-alleviation and that in some cases the poorest people have been made worse-off by micro-finance. They maintained that borrowers who already have assets and skills are capable of making good use of credit whereas the poor are less capable of taking risks or using credit to increase their income. Borrowers with more income are more daring and willing to take the risks, such as investing in new technologies that open opportunities to generate more income flows. In contrast, poor clients tend to take out loans cautiously to protect their subsistence, and barely invest in new technology, fixed capital or the hiring of labour. According to Hulme and Mosley, some of the poorest borrowers become worse off because of micro-enterprise credit. They are more likely to get into crises, which include bankruptcy, forced confiscation of assets and unofficial pledging of their valuable possessions to other participants of a borrowing group. Cases of poor borrowers committing suicide following peer-group pressure to repay failed loans have been reported (Hulme & Mosley, 1996). This illustrates the possible devastating psychological effects of micro-finance on the self-esteem of those who are poor.

Proponents of the micro-finance is detrimental’ argument maintain that micro-finance destroys the social fabric of communities and leads to a cycle of poverty. Marr (2003) captured the essence of this argument when she said:

> … micro-finance not only has failed to solve the original problems of information asymmetries between borrowers and lenders but also, in its pursuit of financial sustainability, is destroying the very foundations of these schemes by disrupting the social fabric of communities, creating more poverty, and excluding the poorest and most vulnerable from any given group (para. 2).

Critics maintain that not only does micro-finance fail the intended market, but it is not sustainable. More often than not, micro-finance strategies implemented with the sole aim of providing micro-finance have not been successful. Micro-finance strategies are blamed on the basis that they do not reach people who really need help and the few micro-finance strategies, which reach the poor, do not address the needs of the poor. The reason given for this is that most micro-finance strategies are implemented without understanding rural poverty, and most importantly, without identifying the needs of those they are supposed to benefit (Marr, 2003).

One of the reasons why micro-finance is purported to do more harm than good is because of the high interest rates charged by micro-finance organisations. In their study, Kate and Rouen (2004) cited Acleda, a Cambodian commercial bank specialising in microcredit, as charging interest rates of about 2 percent to 4.5 percent each month. They observed that some other micro-lenders charge more, pushing most annual rates up to between 30 percent and 60 percent. One of the 21st century's widely quoted critics of micro-finance, Karnani (2007) argued that if poor clients do not get a greater return on their investment compared to the interest they must pay, they will definitely become poorer due to microcredit and not wealthier as purported. Micro-loans sometimes even reduce cash flow to the poorest of the poor. In illustrating the dangers of micro-finance, Karnani (2007) cited an observation made by Vijay Mahajan, the chief executive of Basix when he maintained that "microcredit seems to do more harm than good to the poorest" (p. 37). According to Mahajan (2011), this situation is further exacerbated by micro-finance organisations' tendencies of creating a choking atmosphere of social pressure, which often makes default more difficult than it is for the rest of the recipients. They then go hungry to try to pay back the loans, their children drop out of school to work to help repay the loans and sometimes, they commit suicide.

Karnani (2007) posited that "If societies are serious about helping the poorest of the poor, they should stop investing in micro-finance and start supporting large, labour-intensive industries" (p. 1). He questioned the extent to which microcredit can drastically alleviate poverty let alone contribute to world peace. He argued that microcredit helps poor people to be able to live in poverty rather than lift them out of it. Karnani (2007) further maintained that although microcredit produces some non-economic benefits, it does not drastically reduce poverty. It can actually make life at the bottom of the pyramid worse in some instances. According to him, contrary to the hype about microcredit, the best way to eradicate poverty is to create jobs and to increase worker productivity. Recently, Ghosh (2013) captured the scathing attack on micro-finance by maintaining that:

> Microfinance has gone from being hero to zero in the development discourse: from being lauded as the silver bullet to solve the problems of development and poverty reduction, to being derided as the progenitor of financial instability and enhanced vulnerability among the poorest people. The mushrooming of microfinance institutions of both non-profit and profit varieties was very quickly followed by crises in many of the same developing countries that were earlier seen as the most prominent sites of success. In this context, it may well be argued that it is fine to reject microfinance (p.1).

Research studies conducted on how micro-finance impacts on household relationships have produced contradicting views. The prevailing view supported by most practitioners as shown in the paragraphs that follow, is that micro-finance does empower women and can reduce the risk of intimate partner violence (IPV). Literature from the previous two decades (e.g. Hendricks, 2004; Johnson & Rogaly, 1999; Kim, Pronyk, Barnett,& Watts, 2008)has argued that attempting to empower women can possibly aggravate this risk by defying established gender norms and inciting conflict within the household. For example, Johnson and Rogaly (1999) found that in some cases women reported an increase in domestic violence because of disputes over cash for repayment instalments. Thus, in some cases women who begin to affirm themselves and their opinions in their households suffer the wrath of angry husbands who feel that their reputations and authority are being challenged by their wives. Even though there are many good reasons for MFIs to be vigilant against the potential rise in domestic violence, recent literature (Heller, 2009; Kulkarni, 2011; Louis, Seret, & Baesens, 2013; Sanyal, 2009) points to the supposition that involvement in micro-finance bolsters and improves family and social bonds rather than destroying them.

As much as there are authors against micro-finance interventions for the poor, there are those who are supportive of this system. As argued and presented in the paragraphs to follow, research (e.g. Dickens, 2015; Duvendack & Palmer-Jones, 2012; Bell, 2010; Johnson & Rogaly, 1999) shows that micro-finance has proved to be an important liberating force in societies that struggle with repressive social and economic conditions. They have posited that micro-finance services can contribute in multiple and far-reaching ways to the quality of life of household members as reflected in the discussion that follows.

2.5.2. Micro-finance is beneficial

In spite of criticism and concerns over whether or not micro-finance is an effective means to poverty eradication, there is mounting empirical evidence that access to relevant financial services can make a meaningful difference to poor people's lives (Jonker & Southey, 2009). In 2001, Robinson a compelling array of research results that support the view that micro-finance services enhance the quality of recipients' lives is presented. She contended that their quality of life is typically improved in small increments with gradual income increases characterising successful use of micro-finance. Kim et al. (2007) described the ground breaking IMAGE (Intervention with Micro-finance for AIDS and Gender Equity) study findings, in which both qualitative and quantitative results indicated that economic and social empowerment of women can play a significant part in decreasing intimate partner violence. The study showed that women who live with partners in the intervention group when compared with those in the control group, reported higher levels of autonomy in decision-making, more appreciation of their household contribution by their partners, better household communication and improved relationships with their partners.

Micro-finance interventions have been hailed for having the potential to raise incomes, contributing to individual and household security, and changing social relations for the better (Johnson & Rogaly, 1999; Swider, 2001). Research has shown that micro-finance contributes to the self-confidence of the poor. The subsequent growth and diversification of their enterprises, in turn, build continuing and increased self-confidence. This statement has been supported by Robinson (2001) in his assertion, "Because financial services help the poor expand their economic activities and increase their income and assets, their self-confidence grows simultaneously" (p. 39).

Successful micro-finance can help the economically active poor in times of severe household difficulty. Thus, when small loans are taken and put to productive use, they can help poor families to escape starvation or any other financial trouble. Supporters of micro-finance maintain that access to micro-finance helps the poor to move on even in times of marriage dissolution, displacement of a household, loss of a business, loss of a job and/ or the collapse of an economy. The benefits of micro-finance interventions are regarded as being more visible in rural communities. Providing credit performs critical functions for reinforcing the resilience of rural livelihoods in less favoured areas, especially in farming areas. Micro-finance is purported to be able to render the economy in farming areas dynamic due to the availability of non-farm income sources and cross border trade. It is a vehicle for creating conducive conditions for adopting income diversification and reducing labour demands in agriculture, and it reinforces food security (Ruben & Clercx, 2004).

Micro-finance plays an important role in many donors' gender and development strategies because of its direct relationship to both women and poverty alleviation. Much of the work that has been done in assessing the impact of micro-finance programmes on women has yielded positive results (Osmani, 1998). As highlighted before, women in rural communities carry most of the burden of running the family and are the larger base of applicants for micro-finance. When granted loans, they are able to repay smaller loans and then apply for bigger loans and thus, an improvement in their lifestyle and status takes place. As maintained by Cheston and Kuhn (2002), UNDP, UNIFEM, and the World Bank, among others, have indicated that gender inequalities in developing societies inhibit economic growth and development. A World Bank report (2001) confirmed that societies that discriminate against women on the basis of gender find it difficult to eradicate poverty and suffer from slower economic growth, weaker governance and a lower living standard of their people.

Cheston and Kuhn (2002) posited that the positive impact of micro-finance is manifested when women's increased income benefits their children, particularly in education, diet, health care and clothing. The generally held belief that women spend a greater percentage of their income on their households than do men was initially given credibility decades ago by Chant (1976), when she found that men usually only contribute 50 percent of their salaries to the joint household fund. Women, in contrast, are inclined to keep nothing back for themselves, with the result that more money is typically accessible in women-headed households for joint household expenditure. This assertion has been recently echoed by Dickens (2015). Thus, assisting women produces a multiplier effect that increases the impact of the institutions' activities. In her passionate support for micro-finance as a tool for the empowerment of women, Dickens said:

> Instead of handing a woman a box of aid - resources she will inevitably need again in a few weeks - microfinance can empower that same woman to start a small business, one fuelled by her dreams and developed by her own gifts and talents (p. 1).

A decade ago, Cheston and Kuhn (2002) argued that when looking at the leadership of many MFIs, there are very few women. Their contribution, whether setting the vision on a board of directors, designing products and services, or implementing programmes, are non-existent or just not considered. These results confirm that the kind of products offered, their access conditions and the distribution of an institution's portfolio among different services and products have a direct bearing on women's access to financial services. They also suggest that more can be done to serve and assist poor women in certain cultural and economic contexts. Thus, as the industry becomes commercialised, regulated and more sophisticated it is crucial to look at both increasing access and empowering women. Magugui et al. (2013) recently propounded that even though access to credit alone will not automatically lead to women empowerment. It is anticipated that by putting capital into women's hands, it will give them more freedom, confidence and a strong voice in household matters as they become financially independent and are able to contribute to the family's income.

Proponents of micro-finance (e.g. Kim et al., 2007) maintained that micro-finance programmes have the potential to change power relations between men and women. Osmani(1998) in Bangladesh, found that micro-finance can actually help women to improve their status and strengthen their position in the household and can help stop domestic violence. Similar findings were made by Cheston and Kuhn (2002) who propounded that women's financial contributions helped them win greater admiration from their husbands and children, received husbands' help with housework and avoided family quarrels over money. Supporters of this view maintain that micro-finance strengthens women's economic autonomy and gives them the means to pursue non-traditional activities. Of late, Kirsten (2012), concluded that there is ample evidence suggesting that micro-finance, delivered according to a specific methodology in the rural South African context, does improve the livelihood security and well-being of recipients.

As mentioned in Kim et al. (2007), studies of micro-finance clients from various institutions around the world have shown that women themselves very often notice that they earn more respect from their families and their communities, mainly from the male members, than they did prior to becoming part of a micro-finance programme. Kim et al. argued that in well-run micro-finance programmes, there exists a relationship underpinned by respect between the provider and the customer that is integrally empowering. This assertion is true in spite of the methodology or approach - whether the institution takes a minimalist approach of delivering financial services only or a more holistic or integrated approach. Consequently, micro-finance has become an integral component of many donor agencies' and national governments' gender, poverty reduction and community development strategies.

Mars (2009) maintained that helping people with microcredit gives them more readily available options and opportunities with a minimal risk. It has effectively enabled poor people to start and maintain their own business, generate or sustain an income and more often than not, to create their own wealth and exit poverty. Seen in this way, microcredit or micro-finance plays a pivotal role in confronting the multi-dimensional properties of poverty. Micro-finance raises household income leading to associated benefits, for example, increased food security, the building of assets and the likelihood of educating one's children. It is also a means for self-improvement. Micro-finance enables the poor to improve their lives when they increase income, become entrepreneurs and reduce their vulnerability to external shocks such as illness and bad weather.

Recent studies (see Bechetti & Conzo, 2013; Geetamma & Bulla, 2013) continue to support the view that even if micro-finance does not reduce poverty immediately, mere access to finance is beneficial to its recipients. For example, in their study on microcredit and employment, Balkenhol, Guézennec, Lainé and Nouaille-Degorce's (2014) found that jobs created through microcredit contribute to recipients' self-esteem positively. Bechetti and Conzo (2013) provided empirical findings from a sample of poor borrowers in the suburbs of Buenos Aires that supports the notion that micro-finance membership significantly and positively affects their dignity, self-esteem, social recognition, future economic perspectives and life satisfaction. Self-esteem is an important concept in this study and the seminal work of Bechetti and Conzo study will be referred to in more detail later on.

In summary, the impact of micro-finance is not a simplistic debate on whether micro-finance is transformative or disastrous; it is much more complicated. Thus far, literature reviews of empirical research of the impact of micro-finance on the poor have presented controversial and inconclusive findings (Makina & Malobola, 2004). Karlan and Zinman (2010) posited that their findings add to a very muddled picture on the impact (or lack thereof) of microcredit. There are those who have recently taken a negative stance towards micro-finance and others like van Rooyen, Stewart, and de Wet (2012), who took a neutral stance. They maintained that "available evidence shows that micro-finance does harm, as well as good, to the livelihoods of the poor" (p. 1). The positive stance, supported by many researchers, is that mere access to finance is a workable solution to make the poor become entrepreneurs (Geetamma & Bulla, 2013).

In concluding this discussion and as maintained throughout this study, micro-finance is not a panacea to global poverty, but can be regarded as one of many approaches aimed at eradicating world poverty. In the present study, the study aimed to contribute useful information that could help micro-finance providers to achieve a better understanding of micro-finance recipient's self-esteem. As is further explained in the next chapter, the results of the study will be shared with the public domain and a financial NGO will assist in sharing the insights from the study with the view to advocate for change where systemic constraints that prevent financial markets from reaching out to the poor consumers are identified. In the section that follows, micro-finance in the South African context is discussed.

2.6 Poverty and micro-finance in South Africa

The drive for poverty alleviation and empowerment of poor communities in South Africa is a crucial necessity given the socioeconomic factors, high rate of unemployment and the effects of the HIV/AIDS epidemic. In the face of the disease, it is crucial that poor rural communities be financially empowered for them to be able, amongst others, to fend for their sick ones, their off-spring and even bury their dead with dignity. According to Khumalo (2003), poverty in South Africa, just like all over the world, is multi-faceted and can manifest in unemployment, hunger, exploitation and lack of access to basic amenities like clean water, education, health-care and sanitation. It is not limited to one racial group in South Africa, but it is prevalent predominantly amongst the Black population group. Snodgrass (2015) supported this assertion by maintaining that, even to date, the majority of South Africans who live under the poverty line is still Black and female. According to Statistics South Africa (2014), poverty levels in South Africa have dropped since 2006, reaching a low of 45,5% in 2011. The latest indication shows that using the Presidency's poverty line of earning less than R367 per month, more South Africans are living in poverty. As maintained in the "More South Africans" (2015) article, the number of South Africans living in poverty has increased from 2010 to 2014. In 2010, 20% of South Africa's population fell below the poverty line; this had increased to 21.5% in 2014.

The main cause of the extent of poverty and inequality is the high rate of unemployment. These three (poverty, inequality and unemployment) are intricately linked. Inequality and unemployment both remain at extremely high levels by historical and international standards (World Bank, 2014). Although much progress has been made since the end of apartheid in 1994, with South Africa using its tax and benefit system, as part of its development programme, to alleviate poverty and inequality, inequality is still a problem in South Africa. According to the World Bank, South Africa is one of the most unequal societies in the world. In South Africa, inequality of household consumption as measured by the Gini coefficient on disposable income, increased from 1993 to 2011, becoming among the world's highest. The Gini coefficient is a number between 0 and 1, where 0 indicates total equality and 1 indicates total inequality. It is calculated by finding out the income of all the people in a country and then expressing this information as a cumulative percentage of people against the cumulative share of income earned. The coefficient would register zero (.0 = minimum inequality) for a society in which each member received exactly the same income and it would register a coefficient of one (1.0 = maximum inequality) if one member got all the income and the rest got nothing. According to Statistics South Africa (2014), the Gini coefficient was approximately .65 based on expenditure data (per capita excluding taxes) and .69 based on income data (per capita including salaries, wages and social grants) in 2011. These high levels of inequality are only slightly smaller than the Gini recorded in 2006.

Inequality poses serious challenges and problems for MFIs in South Africa. Research (e.g. Baumann, 2004; Mokgele, 2008) has shown that South Africa has been unable to generate the type of pro-poor micro-finance sector that has been successful in many other African countries. This situation is brought about by the extreme inequalities that exist in the South African economy, as maintained by Baumann (2004, p.786): “One of the most important external variables confronting South African MFIs is the country’s extreme income inequality”. The high income and social inequality pose serious challenges to the microcredit business in South Africa and is very expensive compared to other developing countries. According to Baumann (2004), it is still expensive to operate a microcredit business even though MFIs are paying their loan officers much less in comparison to most MFIs globally and in Africa.

According to the World Bank (2014), there were around 12 million South Africans who do not have access to a bank account, and millions more with limited access to financial services in 2013. Banking provides effective tools for saving, sending and borrowing money, and mitigating financial risks that can help the poor to withstand setbacks and attain greater financial stability. May (1998) highlighted the role of banks in providing credit:

> Banking facilities for people lacking access to them and wanting to be self-employed should be investigated more closely in South Africa, to give access to credit to the poor and simultaneously make productive use of loans (p.12).

The critical role of access to finance was further given impetus by World Bank Country Director for South Africa (Asad Alam) when he said that focusing on financial inclusion is particularly important in South Africa because of the positive impact it can have, not only for individuals, but for small businesses and the South African economy. There are 12 million adults in South Africa without an account at a bank or other financial institution, and millions more who have poor access to formal financial services (World Bank Report, 2014). Figure 1 depicts the extent of poverty, the high rate of unemployment and poor access to banking facilities in South Africa at the time data was collected for the study.

South Africa market context end 2009

- 47 m people
- 45% living below Minimum Living Level
- Gini coefficient 0.57 in '02 - 0.70 in '08
- 26% of adults (16 - 64) formally employed
- 34% of adults unemployed
- Growth slowed in '08, neg. to pos in '09
- Food & energy inflation and the poor
- Strong conduct and prudential legislation
- Adults banked - 60% in '09, 63% in '08
- More people banked than employed
- Growth spurt in debt from '03 to '07
- Sharp decline in debt post '07 (NCA?)
- Government policy on inclusive banking unfocused and uncoordinated

Demand – Low Income Market

Financial Services Measure Categories	Total Population 16+ (millions) Total 32m	Formally Employed	Banked
1	4.1	3.7%	1.2%
2	5.1	6.0%	10.3%
3	5.1	17.3%	50.3%
4	5.1	26.6%	87.4%
5	5.0	47.4%	98.0%
6	3.7	57.4%	100.0%
7	2.5	73.3%	100.0%
8	1.2	79.9%	100.0%

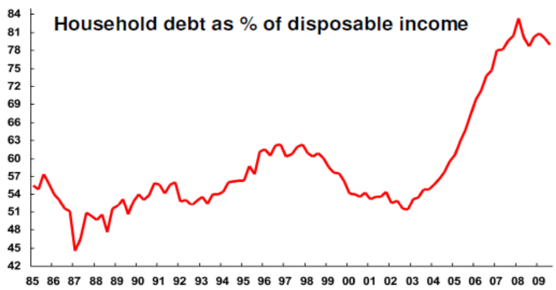


Figure 1: South Africa's market by end of 2009 (source: Coetzee, 2010)

According to Baumann (2004), the chief cause and manifestation of radical income inequality is the dualism of the South African economy. It consists of a highly modern and sophisticated financial system serving the full range of financial needs of a small group of the South African population, and in contrast, the micro-lending and informal sector that serves the bulk of the population in both urban and rural areas. An economically 'advanced' and globally integrated minority, Black and White, coexists with a dependent and marginalised majority, almost entirely Black. In South Africa, these are known as the ‘formal’ and ‘informal’ sectors. He contended that while the formal sector has a human development index comparable to southern Europe, the informal sector have a quality and standard comparable to that of South Asia. The material foundation of this dualism is equally historical and structural. Unlike peasantries elsewhere in Africa, Baumann (2004) posited that South Africa’s rural poor population do not have access to basic ways and means of production examples such as land, due to historical unresolved issues of far-reaching settler dispossession. The poor live in overcrowded rural villages jammed between commercialized farmland and game reserves aimed towards attracting tourists. For those living in urban areas, prospects for self-employment are hugely restricted by the well-developed manufacturing and retail sectors, the most advanced in Africa, that consigns small-scale trading and manufacturing to the periphery. Due to the persistent lack of access to productive resources, the poor and destitute are forced to depend almost entirely on the output of the formal economy for their survival. Things that enhance and support life are obtained only as commodities. Above all, the poor South Africans are structurally prohibited from access to the cash essential to acquire these commodities.

Jonker and Southey (2009) maintained that in the lending sector, a significant challenge encountered by financial institutions is how to profitably lend to poor customers who cannot furnish proof of payment or do not receive a salary slip. Banks and other formal financial institutions have become well-versed to lending to those who earn a salary but have made little strides in granting credit to those in the informal economy. The biggest impediment is how to develop mechanisms necessary to score or assess the ability of poor customers to repay and to formulate efficient collection strategies. Many non-profit organisations, in particular, the Small Enterprise Foundation, have been able to make significant progress in lending to people in the informal economy even though a financially profitable solution is still elusive. According to Baumann (2004), the lending part is questionably the most problematic and possibly the most powerful in enabling financial inclusion. Above all, a wide variety of solutions is required to decrease the rate of inequality. It is simplistic to think that provision of financial services by the financial services sector on its own will provide the answer to the existing inequality and uneven distribution of wealth in South Africa.

2.6.1 Obstacles faced by MFIs in the South African context

In this section, the discussion centres on the obstacles that micro-finance institutions are faced with in South Africa. This discussion is mainly based on the sterling work and findings of Baumann (2004).

The MFIs in South Africa straddle the country's formal and informal sectors. Even though their clients are captured from the poor communities and microenterprises, their workforce is firmly placed in a middle-class material environment with little difference from developed countries. This notion is applicable to all MFI staff irrespective of race; furthermore, the racial issues do have an effect on MFIs in South Africa. However, in a strange but plausible paradox, the drive for affirmative action and fast Black advancement imply that skilled Black MFI employees are highly sought after, mainly in the state and private sectors, which applies mounting pressure on their salaries and leads to a fairly rapid staff turnover.

South African pro-poor MFIs are found mainly in rural areas, but their clients are not agricultural microenterprises. Living and working in remote rural areas, in which client groups are found at vast distances from one another implies an additional price to pay for MFI managers who aim to attract and retain decent staff. At all levels, the South African educational system is highly unprepared to develop the type of skills and aptitudes sought after by MFIs. Of the country's 30-plus technical colleges and universities, only two provide any microcredit related training and both programmes are relatively new. Development courses at South African universities tend to be theoretical, general and focus on urban issues such as trade unionism. Due to the dire shortage of MFIs, there is no micro-finance-specific labour 'market' and as a result, many people get trained on the job. Consequently, staff poaching by other MFIs, NGOs, private firms and the state is an ever-present problem. Overall, the 'distance' between South African MFI staff and their clients, both economic and social, is greater than in many countries, particularly in Asia. It is not uncommon to find MFI clients with a fair amount of education and self-confidence in Asian countries like India and Bangladesh. In South Africa, low-income communities have very few people who possess ready-made skills who can manage microcredit solidarity groups. This places a greater burden on the MFIs to provide training and support for their clients.

As captured by Baumann (2004), the obstacles are summarised as follows:

Distances and mobility: Many South African pro-poor MFIs operate in far rural areas where client groups are separated by large tracts of commercial farmland and game reserves. Avery important factor in South Africa is the lack of own transport for many MFI loan officers and as a result, they rely on very inadequate public transport, taxis and walking to reach their clients.

Penetration levels: It would have been logical in a situation of relative remoteness, for South African MFIs to attempt to recruit and retain as many clients as possible in each village. Nonetheless, it is almost entirely impossible because of both the lack of opportunities for micro-enterprises and the similarity of opportunities. After careful consideration of this issue, a MFI prudently concluded that in very poor communities, it can sustainably reach not more than 1 in every fifth household. In other words, in a large village of a thousand households, even if a single loan officer reached every possible household (200), he or she would still be below relevant global and African measures of loan officer productivity of 350 to 450 households.

Need for greater client training input: One of the factors entrenched in South Africa's apartheid past is the low level of literacy, business skills and general self-confidence in the rural communities. Women are particularly disempowered, given traditional patriarchal social structures, and small enterprise is not as much of a tradition for them as in other parts of Africa. It then suggests that MFI loan officers spend a large amount of their precious time helping very poor women to acquire the basic self-confidence and skills to run their businesses – not essentially through training, but through overall encouragement and social empowerment.

Skill levels and attitudes to work: MFI loan officers in South Africa are normally fresh from high school or alternatively, have a few years of post-secondary education. Most are recruited from the ranks of unemployed teachers. They are more likely to be young, and many lack life skills and a mature work ethic, considering their loan officer positions neither as a career nor in particular as 'developmental'. The strenuous work entailed in rural microcredit and the temptations of city life lead many change direction at the first chance for a different employment opportunity.

Labour relations: The previous factor is related to South Africa's generally combative labour relations environment. Trade unions helped overthrow the apartheid regime and some MFIs are unionised. Even those that are not must comply with restrictive employment legislation that makes it difficult to fire underperforming staff. There have been a number of strikes at South African MFIs.

Management inexperience: South African MFI loan officers share responsibility for their productivity with management who decide operational, human resource and strategic planning issues. Given the country's small MFI sector, there is a very small pool of experienced top-level MFI managers and many mid-level managers are still learning the ropes. Management turnover is particularly damaging in such a context because most replacements must learn by doing rather than bringing pro-poor microcredit skills with them to the post.

Under-management: South African MFIs have a significantly higher ratio of loan officers to management and administration staff than other MFIs, but this may contribute to low productivity because of insufficient supervision of loan officers. Low productivity might tempt MFI managers to employ more loan officers to increase their portfolios, thus, reinforcing the under-management problem.

Relative salary levels: Are South African MFIs compensating for poor productivity and relatively high non-loan officer salaries by keeping loan officer salaries low compared with the salaries of management and administration staff? There is some evidence – but this is ultimately self-defeating, as income inequality within an MFI tends to undermine loan officer morale.

Lack of appropriate support: At present, South Africa lacks a coordinated source of capacity-building resources for the NGO microcredit sector. The state has yet to grasp the nettle of capacity development as a precondition for the emergence of a successful pro-poor microcredit sector, and microcredit NGOs are left largely to their own devices.

Given this state of affairs, one is tempted to ask the question of whether microcredit is an appropriate solution to poverty in South Africa. In light of the preceding discussion, it is then crucial to understand the benefits and detriments of micro-finance for the poor and under-banked in South Africa. This will enable micro-finance providers to tailor the products they offer in accordance with the needs of the poor and to sharpen their market penetration abilities. Closely linked to the issue of reducing poverty is knowledge of poor people's needs and awareness of financial services, as well as understanding their awareness of micro-finance banking contractual issues, for example, repayment options. It is, thus, important to examine the impacts of micro-finance on the self-esteem of the actual recipients, in this case the poor and under-banked.

2.7 Overview of ABSA Micro Enterprise Finance

In this section an overview of the specific MFI context of this study, AMEF is presented. The content is based on various personal communications and documents presented by Professor G. Coetzee and F. Frazer (personal communication, September 20, 2010).

2.7.1 Background

The AMEF unit forms part of the new business cluster within the unsecured lending division in ABSA Retail Banking Cluster. The unit was established in June 2007, with the dedicated aim of serving the informal self-employed market segment. AMEF's target market is low income and poor individuals that own and manage income generating activities to earn a livelihood and to sustain their families and communities. The bulk of its target market is informal enterprise owners and operators with annual business turnovers that range from R15 000 to R75 000 per year, although its mandate is wider.

AMEF has a double bottom-line objective, both of achieving profitability and contributing to sustainable economic development within the communities where it operates. To offer a suitable proposition to customers, it operates outside of the retail branch infrastructure (through points of presence within the communities it serves) and follows a relationship banking model. Figure 2 depicts the type of channel used by AMEF and factors that are considered when establishing a channel in a specific location.

Figure 2: The Micro Enterprise Service Centre Channels (source: Coetzee, 2010)

2.7.2 Products and services

AMEF's products are designed around a developed understanding of their customers' needs and their day-to-day reality. Aside from the existing loan products, AMEF customers are also required to open an ABSA savings/transactional account through which loans are disbursed and repaid (within the current process and approach). At present, AMEF customers make use of Mzansi, Flexi Save and Club accounts. Figure 3 showed products offered by AMEF and those that were under construction.

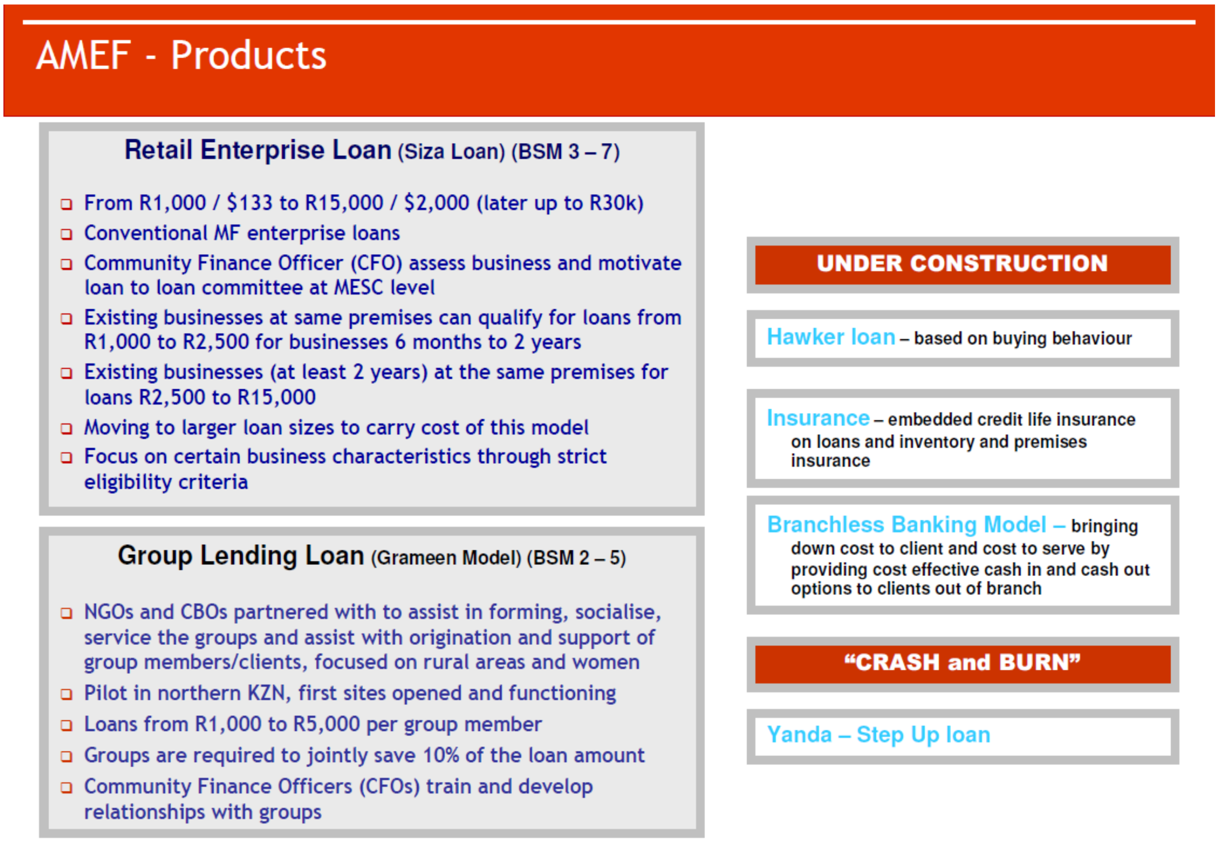


Figure 3: Summary of current and future ABSA Micro-enterprise Products (source: Coetzee, 2010)

AMEF is developing a full value proposition for their customers, but with an initial focus on lending products. In time, the value proposition will include transactional, savings and insurance products and non-financial services through partnerships with suitable organisations. AMEF's value proposition is built around strong principles of relationship building and trust with its customers, community development, sustainability and treating customers with dignity and respect.

2.7.3 Key partnerships

AMEF's partnership approach is centred on improving its value proposition to customers, increasing channel reach and increasing sales through aggregation. Some of its key alliances are:

- National, provincial and local authorities: This is in the area of the support of economic activities by local authorities and other examples and general enhancement of the government's economic development objectives and initiatives like the Accelerated and Shared Growth Initiative for South Africa (ASGISA). This is a development strategy designed to help the South African govenment to fight against unemployment, halve poverty, accelerate employment equity and improve broad-based black economic empowerment.

- Donors and International Aid Organisations: AMEF has strong relations with organisations such as the International Finance Corporation (IFC) and Thembani International Guarantee Fund (TIGF) that assist in the provision of technical assistance and provision of portfolio guarantees.

- National and Independent wholesalers: AMEF has partnered with key wholesalers on initiatives for cost sharing for channels and information sharing for credit scoring.

- Micro Finance Institutions (MFIs) and NGOs: AMEF has engaged on information sharing and other mutually beneficial initiatives with key MFIs and NGOs in South Africa.

- Barclays Micro-finance: The focus is on working closely with the Barclays initiatives in micro-finance implemented in its emerging markets' focus area.

2.7.4 Key objectives

The key objective of the ABSA Micro Enterprise Finance Unit is to engage with micro enterprise owners and operators on a profitable basis and to ensure that ABSA expands its offering in the low income market, and improves access to financial services for low income and the poor self-employed, thus contributing to economic development. The unit has to deliver strict targets in terms of outreach and profitability. It also serves as a centre for experience and building an appropriate business model for this market segment so that ABSA can also expand its services in other countries in Africa where it operates. Lastly, AMEF aims to entrench ABSA as a major player in the Micro Enterprise Finance market through a focus on innovation in terms of appropriate cost, culture and relationship models for this market segment.

2.7.5 Current challenges

While significant strides have been made in reaching this market, the following challenges exist in its business:

- **Staffing model:** Staff salaries form the single largest cost for AMEF's business unit and are exacerbated by the fee charged by the labour broker (43% of annual salary). An alternative staffing model is under consideration. In addition, recruitment strategies need to be refined to obtain the most appropriate individuals to join the team that can easily be internalised into the culture and values of the unit.

- **Information Technology (IT) design and development:** The ability to design, develop and implement new products for the AMEF market, in support of the expanded value proposition, is undermined by the flexibility and agility of the current IT solution. Limited resources exist to assist in this process in addition to the system capabilities not being aligned with the business needs.

- **IT support:** In addition to the product development lifecycle, on-going IT support services to the business are limited. With the acquisition of an ABSA supported solution or use of an ABSA IT solution, the unit could benefit from additional support services.

- **Intranet access & knowledge sharing:** Due to AMEF operating on ProLoan terminals and using ProLoan software, no AMEF staff have access to the Absa Intranet including the Employee Self Service System, Phoenix for compliance tests, Customer Care Programme (CCP) for logging and monitoring of customer complaints Forms, Policies and Procedures. This means that its points of presence operate outside of the ABSA formal communications mechanisms. In addition, it means that all of these processes are administered manually including paper based compliance tests and customer complaints handling using a written form.

- **Processes:** The current IT system does not enable quick, convenient processes for its customers. For example, while the loan application is conducted at the customers' home or place of business, the customer is required to go to an ABSA retail branch to open a savings account and then to the AMEF Micro Enterprise Service Centre (MESC), to supply the savings account details to AMEF.

- **Lack of integration:** Integration requires significant work and can potentially reduce the flexibility of the IT solution in the longer term. However, not being integrated into ABSA systems has an impact on the turnaround times offered to customers and the ABSA view of the customer. For example, using Business Integrator for loan disbursements means a 24-48 hour delay in disbursement of the loan. In addition, the unit cannot see customer information that resides on the ABSA system and it cannot conduct Customer Acceptance Screening Application (CASA) reference checks and so forth.

- **Cash handling:** the informal self-employed market is cash oriented and yet, AMEF MESCs do not handle cash due to the security risk and costs. This means that customers need to take time away from their business to travel to a branch (or ATM), incur travelling costs and be inconvenienced by having to make deposits or withdrawals. While creative mechanisms exist for withdrawing cash or using e-cash once the conversion has happened (cell phone banking, cash-send, etc.), mechanisms for getting cash into the bank are still relatively limited.

In the section that follows the concept of self-esteem is discussed from various perspectives on what it is and what it is not. A number of definitions are presented and an operational definition that was used in the study is presented. The discussion explores the link between micro-finance, poverty and self-esteem. Self-efficacy is then defined and discussed as an important element of self-esteem.

2.8 The definition of self-esteem

Self-esteem is a widely used concept both in popular language and in psychology and its definitions vary in their breadth and sophistication. Complete books have been written on the subject of self-esteem and yet, there is no single unifying definition of self-esteem (Naeem et al., 2014). There was a plethora of definitional work in the 1960s with newer definitions seeming to either repeat the themes or to use one of the major types of definitions, and then focus on researching factors that influence self-esteem rather than on self-esteem itself.

Hasnain and Adlakha (2012) maintained that the most comprehensive, often cited and seminal definition of self-esteem within psychology is that offered by Rosenberg (1965) who described it “as a favourable or unfavourable attitude toward the self” (p. 15). Rosenberg added that if the attitude is well developed and strongly held, it will withstand change and it will be stable, but it will not be completely resistant to modification. If not strongly held, it will be more unsteady and prone to changing circumstances and more easily transformed by interventions that have this particular purpose. The truth about the changeability nature of self-esteem is of immense practical importance in the field of psychology and in particular, this study. This view sees self-esteem as a quality of an individual that is predominantly fixed or enduring. Thus, it is permanently fixed once the individual is fully-grown, but it can be gradually modifiable within limits and with difficulty. Furthermore, Rosenberg described it as the totality of an individual’s feelings and thoughts with reference to herself/himself (Blascovich & Tomaka, 1991). It is in this sense that Rosenberg regarded self-esteem as an evaluative attitude towards the self. It is powerfully shaped by what important others are thought to think of the self.

Coopersmith (1967) offered a more comprehensive definition that encompasses most elements found in recent definitions. He maintained that self-esteem is “the evaluation which the individual makes and customarily maintains with regard to himself; it express an attitude of approval or disapproval, and indicates the extent to which the individual believes himself to be capable, significant, successful and worthy” (p. 5). Briefly, self-esteem is regarded as a personal judgment of his/her worthiness explicitly expressed in the attitude the individual holds towards himself/herself. In other words, self-esteem is a subjective experience conveyed by the individual to others through verbal reports and other overt behaviour.

The worthiness component of self-esteem is emphasised in both the old and new definitions. As maintained by Blascovich and Tomaka (1991) self-esteem is widely referred to as an individual's sense of his or her value or worth, or the extent to which a person values, approves of, appreciates, prizes, or likes himself or herself. Mruk (1995) identified two basic components of self-esteem:

- Competence - this involves more behavioural and observable components because it involves action. The outcome of these behaviours can be seen and evaluated in terms of their effectiveness.
- Worthiness - a value judgment pertaining to the actor more than to his or her actions.

Self-esteem is a concept of personality; it grows and flourishes when one has self-worth, which is normally sought from embracing challenges that result in the showing of success. Smelser (1989) identified three universally accepted components of self-esteem:

- The first is the cognitive element; self-esteem means characterizing some parts of the self in descriptive terms: power, confidence and agency. It means asking what kind of person one is.
- The second is the affective element, a valence or degree of positiveness or negativeness attached to those facets identified; this is referred to as high or low self-esteem.
- The third, and related to the second, is an evaluative element, an attribution of some level of worthiness according to some ideally held standard.

This categorization was further supported by Rattan, Kang, Thakur and Parthi (2006) who further posited that self-esteem is how much you value yourself and how important you think you are as well as how you see yourself and how your achievements make you feel. The same sentiment was later echoed by Sheslow (2008) who pointed out that self-esteem contains cognitive, evaluative and emotional components; namely, how you see yourself, evaluate yourself and feel about yourself.

Palladino (1989) defined self-esteem as a state of mind; it is the way you feel and think about yourself and others, calculated by the way you act. According to her, self-esteem serves as the bridge between who you are and what you do. Self-esteem is generally considered by pioneer researchers (e.g. Coopersmith, 1967) to be the evaluative component of self-concept, as a broader representation of the self that includes cognitive and behavioural components in addition to the evaluative or affective ones. Although self-esteem as a construct is used most often to refer to a global sense of self-worth, narrower concepts such as self-confidence or body-esteem are usually used to imply a sense of self-esteem in more specific domains. Self-esteem is also generally assumed to functions as a stable trait that is constant across time inside individuals.

Self-esteem is related to almost every other psychological concept or domain, including personality (e.g. shyness), behavioural (e.g. task performance), cognitive (e.g. attributional bias, pretensions, and clinical concepts (e.g. anxiety and depression). According to Emler (2001), most discussions of self-esteem pay some homage to the definition offered by William James in his *Principles of Psychology*, in which he defined self-esteem as success divided by pretensions. The definition suggests that it is possible to increase self-esteem by achieving greater successes and it is sustained by avoiding failures, and it can also be enhanced by the adoption of less ambitious goals. Another definition of self-esteem worth noting is that of Branden (1989) who posited that "self-esteem is the disposition to experience yourself as being competent to cope with the basic challenges of life and of being worthy of happiness" (p. 23). This definition offers a new important insight into the evaluative and experiential dimensions for self-esteem. According to Branden, self-esteem has two interrelated aspects - it entails a sense of personal efficacy and a sense of personal worth. It is the combined summation of self-confidence and self-respect. Branden further contended that self-esteem is the conviction that one is competent to live and worthy of living.

According to Emler (2001), the Rosenberg scale is one of the first and still one of the most widely used measures of self-esteem and it emphasises feelings. He maintained that measures of self-esteem are also likely to produce similar results to measures of such concepts such as locus of control (the degree to which individuals believe they control events in their lives), self-efficacy (the degree to which individuals believe they possess the capabilities necessary to achieve things and control events) and neuroticism (the degree to which individuals describe themselves as insecure, fearful, guilt-ridden and miserable). The ever-lasting importance of Rosenberg's definition is that it is encapsulated in his self-esteem scale which has become the premier standard world-wide in self-esteem studies. Rosenberg's definition and his self-esteem scale (Rosenberg Self-Esteem Scale) are used in this study as they are deemed to offer the most appropriate means of measuring self-esteem. The reliability and validity (psychometric characteristics) of the Rosenberg self-esteem scale is discussed in the next chapter.

As shown in the preceding paragraphs, the concept of self-esteem has been defined and its definitions vary in their breadth and sophistication. Despite the variety of definitions and more current insights about self-esteem, Rosenberg offered the most broad and frequently cited definition of self-esteem when he described it as a favourable or unfavourable attitude toward the self. This definition was used for the purpose of this study.

2.8.1 Types of self-esteem

Recently, Grundy, Benarroch, Lebarr, and Shedden (2015) maintained that self-esteem can be categorised into two main areas based on the Rosenberg self-esteem scale. The two categories are low self-esteem and high self-esteem. Low self-esteem is shown when an individual thinks poorly of himself or herself. Subsequently, low self-esteem creates a negative image of other aspects in that person's life. The individual may dislike his/her job and other things relating to the job and as a result, gives the person the sense that his/her life is empty and the things he/she does are worthless. Low self-esteem tends to destroy an individual's ability to think, feel or act positively. Those with such self-esteem hide behind a mask, which becomes a common way to cover up their true feelings, often resulting in guilt, fear, anger, emptiness, loneliness or depression.

High self-esteem relates to having a positive sense of your inherent worth as a person. High self-esteem is experienced when an individual loves life and delights in many different attributes of himself or herself. High self-esteemed individuals have a positive image of themselves with maybe a few things they would prefer to change that may occasionally be a source of self-doubt. An early description from Rugel (1995) maintained that:

> People with high self-esteem feel free to aspire to high-status positions; to pursue attractive members of the opposite sex; to refuse to tolerate bad treatment; and to avoid situations that would appear to be potentially harmful. Their internal sense of themselves as customarily worthy allows them to feel entitled to pursue such goals (p. 3).

In their review of self-esteem literature, Baumeister et al. (2003) concluded that the benefits of high self-esteem fall into two main categories: enhanced initiative and good feelings. They maintained that self-esteem is hardly connected to health behaviour. High self-esteem does not seem to insulate children from negative behaviour such as excessive drinking of alcohol, drug taking, smoking or getting involved in early unprotected sex. They, in fact, suggested that high self-esteem is likely to promote experimentation, which possibly leads to engaging in early unprotected sexual activity or drinking. In general, the cumulative effects of self-esteem are non-significant with the crucial exemption being a decrease in the prospects of bulimia in females when an individual has high self-esteem.

Though the concept of self-esteem has been well studied over the years, Mruk (1995) urged researchers to continue examining the connections between self-esteem and major contemporary social problems such as substance abuse, teen pregnancy, school drop-out rates and delinquency. Mruk advised that “it is important to continue to study self-esteem more because it now has a certain social significance it never achieved in the past and it is important to understand the role self-esteem plays in various social problems” (p. 2-3). In this study, the relationship between self-esteem and micro-finance is examined. There can be no doubt that there is a need to study it further, especially because people make all kinds of claims about self-esteem and about enhancing it, but seldom offer evidence to support their claims. The concept of self-efficacy is crucial to the study and understanding of self-esteem and hence, the need to briefly explain it.

2.9 Self-efficacy

Self-efficacy generally refers to a person's sense of competence or general ability in specific domains. Two decades ago, Busch (1995) maintained that self-efficacy is the belief in one’s abilities to successfully execute a certain course of behaviour. Thus, self-efficacy is an individual’s belief in his/her ability to succeed in a given situation. He describes these beliefs as determinants of how people behave, feel and think. The beliefs start to develop in early childhood when children deal and cope with a wide range of experiences, situations and tasks. However, the development of self-efficacy does not stop during youth, but it continues to grow throughout life as individuals amass new skills, experiences, knowledge and understanding. The discussion that follows is focused on the sources of self-efficacy, which is explained mostly from the pioneering work of psychologist, Albert Bandura. Bernard, Hutchison, Lavin, and Pennington (1996) found high correlations among self-esteem, self-efficacy, ego strength, hardiness, optimism and maladjustment. All of these examined constructs were highly related to health. As maintained by Cherry (2010), the concept of self-efficacy lies at the heart of the classical work of psychologist, Albert Bandura's social cognitive theory, which underscores the role of observational learning, social experience and reciprocal determinism in the development of personality.

2.9.1 Sources of self-efficacy

According to Bandura (1994), people's beliefs about their efficacy can be developed based on four main sources of influence. The most efficient way to create a strong sense of self-efficacy is by means of mastery of experiences. In his research findings, Busch (1995) found gender differences between male and female participants, which he purported was mainly because male participants had more previous experience on the required task than did their female counterparts. Researchers (e.g. Saha, 2006) argued that successes build a strong belief in one's personal efficacy whereas failures weaken it, more so if failures occurred before a sense of efficacy is robustly established. Individuals who experience only easy and simple successes tend to expect speedy results and become easily disheartened by failure. A very strong sense of self-efficacy requires experience in clearing obstacles through determination and hard work. Some stumbling blocks, setbacks and adversities in human pursuits are useful and help teach important life lessons that success typically requires persistent effort. When people are convinced they have the necessary skills and knowledge to succeed, they persist even in the face of acute adversity and speedily recover from life's setbacks. By being persistent, determined and working hard through challenging times, they come out stronger than before from adversity.

Bandura (1995) contended that the second way of forming and strengthening self-beliefs of efficacy is through the second-hand experiences offered by social models. Observing individuals similar to one succeed by persistent effort increases observers' self-belief that they too possess the required competences to conquer comparable activities to do well. In the same breath, seeing others fail regardless of high effort reduces the observers' appraisal of their self-worth and undermines their own efforts. The power of modelling on perceived self-efficacy is highly influenced by the observed resemblance or similarity to the models(Harris& Franklin, 2007). The greater the perceived resemblance, the more powerful and persuasive are the models' achievements and failures. When people perceive the models to be very different from themselves, their assumed self-efficacy is not significantly influenced by the models' performance and the associated results. A year later, Broekman and Foox (2008) propounded that modelling offers a social standard on which to evaluate one's own abilities. They argued that people seek capable models that have the required skills and competencies to which they aspire. Due to their behaviour, actions and their ways of thinking, proficient models impart knowledge and teach others efficient skills and strategies for managing environmental demands. Gaining of advanced skills and means increases perceived self-efficacy.

According to Bandura (1994), the third source of influence is social persuasion, which is a means of reinforcing people's beliefs that they too possess what it is required to succeed. He contended that individuals who are verbally persuaded that they have the capabilities to master given activities are likely to muster greater sustained effort than if they entertain self-doubt and dwell on personal inadequacies when confronted with problems (Bandura, 1998). To the extent that social persuasion in perceived self-efficacy leads individuals to work hard to succeed, they stimulate the development of skills and a sense of personal efficacy. As maintained by Harri and Franklin (2007), it is very hard to instil high beliefs of personal efficacy using social persuasion than to undermine it. Unrealistic social persuasion boosts in efficacy are swiftly disconfirmed by poor results of one's efforts. Nonetheless, people who have been persuaded that they lack abilities are likely to shy away from challenging activities that nurture potentialities and surrender quickly when faced with difficulties. By way of restricting activities and deflating motivation, doubt in one's capabilities give rise to its own behavioural validation. Abraham, Norman, and Conner (2013) recently supported this view and added that successful efficacy builders do more than communicate positive appraisals. They further posited that in addition to increasing people's trust in their capabilities, they configure situations in ways that breed more success and avoid placing people too soon in situations where failure is likely to occur. These efficacy builders measure achievement or success on the basis of self-improvement instead of victories over others.

The fourth way of increasing self-belief of efficacy offered by Bandura (1994) is to reduce people's stress reactions and change their negative emotional tendencies and misperceptions of their physical states. According to Llorens, Schaufeli, Bakker and Salanova (2007), people also rely partially on their somatic and emotional states in estimating or assessing their abilities. In other words, they are able to construe stress reactions and tension as indications of their susceptibility to mediocre performance. Moreover, in activities that involve strength and stamina, many people see their fatigue, aches and pains as signals of physical weakness. Mood also plays a part in people's judgments of their personal efficacy. When a person is in a positive mood, perceived self-efficacy is enhanced, but if in a despondent mood, perceived self-efficacy is diminished. They further maintained that it is not the absolute intensity of emotional and physical reactions that is crucial, but how one perceives and interprets them. Those with a high sense of self-efficacy are more likely to perceive their state of emotional arousal as facilitating performance whereas those who wallow in self- doubts view their emotional arousal as debilitating.

In concluding the section on self-efficacy, Pajares (1997) advised that self-efficacy beliefs function in conjunction with other socio-cognitive factors such as outcome expectations or goals in the regulation of human behaviour. These words of advice underpin the importance of analysing self-efficacy beliefs in conjunction with other psychological and economic human behaviour in the present study.

2.10 The link between micro-finance, poverty and self-esteem

As alluded to in the first chapter, the present study endeavoured to explore the relationship between micro-finance and the self-esteem of the poor and underbanked in South Africa. It intended to shed light on the relationship existing between micro-finance and self-esteem, with particular emphasis on the psychological factors that affect the self-esteem of the poor. The link between poverty and low self-esteem was alluded to by Williams (2009) when she maintained that the stigma attached to people living in poverty would not seem to influence children, but it does. She went on to argue that class division distinctions begin very young and some are taught to create divisions where there might not have been any. Although the support of family and friends is helpful o children, the humiliation of peers jeering at their deficiencies can be debilitating.

Williams (2009) captured how materialism as a norm in our society contributes to a cycle of poverty and low self-esteem when she further stated:

> In recent years there has been a huge push by the media to obtain expensive brand name clothing. Children are influenced as well and many notice what others are wearing and want to imitate that. If someone has outgrown their clothes or is not wearing the latest "in" thing they can become a target and stigmatized. Access to other activities can be a problem as well which can contribute further to a child's negative emotional state. This can lead to a self-perpetuating cycle whereby the effects of a child's poor self-esteem can influence the quality of their education and their employment prospects which may lead to a life of poverty. It can be expected that if children are not feeling confident in their own abilities, it then can influence the outcome of their schoolwork and possibly their future employment (p. 3).

Proponents of micro-finance purport that micro-finance forms an important part of providing financial access to the poor, not only due to materialistic effects, but also for psychological ones. It thus affects the day-to-day life of the poor, how they feel about themselves and their achievements, and in this case, their self-esteem. Seen in this light, micro-finance does link with self-esteem and poverty eradication or reduction. Many, as shown in previous paragraphs, regard the link positively as captured in the following statement - "Perhaps the greatest contribution of micro-finance is that it empowers people, providing them with confidence, self-esteem, and the financial means to play a larger role in their development" (United Nations, 2012).

Smith and Thurman (2007) captured the link between micro-finance and self-esteem by proposing that some of the crucial benefits of microcredit are far more financial and cannot be measured on a balance sheet. The true benefits of microcredit are dignity and self-esteem, along with respect for family and community. This observation was echoed in a statement issued by Robinson (2001) a few years earlier when she maintained that appropriately designed micro-finance products and services enable many poor people to expand and diversify their economic activities, increase their incomes and improve their self-confidence. Research findings by Becchetti and Castriota (2007), in their impact evaluation of the December 2004 tsunami in the southern part of Sri Lanka, summed up the link between poverty and self-esteem by maintaining that the change in income and the material damages from the tsunami negatively affected the change in life satisfaction and self-esteem.

2.11 Conclusion

In this chapter, two sections have been presented. The first section dealt with the concept of micro-finance and its intentions. As shown in its definition, micro-finance started as a noble developmental tool designed to provide financial services to those in the low-income group and to the poor who are excluded from the mainstream financial services sector. As it came of age, micro-finance attracted attention with both supporters and critics presenting opposing views on its impact on the lives of the poor. New shifts that are changing the micro-finance landscape were presented. As captured in the discussion on commercialisation of micro-finance, benefits of a commercialised and regulated micro-finance industry outweigh its disadvantages. It has been argued in this study that given the contradictory findings, micro-finance should not be seen as a panacea to poverty, but as one of many approaches aimed at eradicating world poverty.

As part of the first section, micro-finance and poverty as they occur in the South African context was discussed. It has been maintained that poverty in South Africa is multi-faceted and that a range of solutions is required to reduce inequality and the unequal distribution of wealth. Micro-finance cannot on its own offer solutions to the difficulties faced daily by the poor. South Africa, mainly due to its dualistic economy, presents unique challenges to micro-finance institutions. To give further background to this study's context, the AMEF's operating model and its challenges were fully discussed. This was done mainly due to the fact that participants in this study were sourced from AMEF. In this section, the difficulties faced by these institutions were explored.

The second section explained the link that exists between poverty, micro-finance and self-esteem. Using Williams' (2009) arguments, it is maintained that people living in poverty are attached a stigma that influences their lives. Furthermore, in this section how materialism as a norm in society contributes to a cycle of poverty and low self-esteem was discussed. The chapter ended by defining and presenting the concepts of self-esteem and self-efficacy in terms of their sources, how they affect performance and outlining their relevance to this study.

The theoretical framework adopted for the purposes of this study, critical social theory as espoused by Max Horkheimer, is discussed in the next chapter.

CHAPTER 3

THEORETICAL FRAMEWORKS

3.1 Introduction

In the previous chapter micro-finance, microcredit, and self-esteem and self-efficacy were introduced and duly discussed. The opposing schools of thought on the merits and demerits of micro-finance were presented and explored. It was pointed out that there is growing empirical evidence (even though it might be bankrolled by capitalistic institutions to perpetuate current structural injustices) that access to micro-finance is beneficial to poor recipients. As shown in Chapter Two, proponents of micro-finance maintain that access to small amounts of money enables micro-finance recipients to support their businesses and subsequently, gives them more say inside their families and their communities. From this argument it could be deduced that micro-finance is directly linked to the economy of individuals, economy of families, economy of communities and ultimately that of the country. Thus, micro-finance deals with people's behaviour when dealing with finances and it can be studied from both disciplines of psychology and economics. Consequently, the first section of this chapter discusses the discipline of economic psychology to further illuminate the concept of micro-finance and how it relates to human behaviour.

The remainder of the chapter is devoted to a discussion of critical theory as the theoretical framework guiding this research study. The first section explores the history of critical theory from its inception to the current stage. Both the narrow and broad meaning of critical theory in philosophy and in the history of the social sciences are explained. The three variants of critical theory are examined. The basic tenets of critical theory are discussed with particular emphasis on their relevance to this research study. In this section, the common characteristics in the three variants are identified while taking cognisance that not all authors treat them the same, or even agree on their status within critical theory. This is followed by a brief discussion of the trends or developments in critical theory, shift in focus and how this study contributes and relates to these developments. In discussing trends in critical theory, the study endeavours to answer the following questions: what makes critical theory relevant today and how does this research relate to critical theory? The chapter is then rounded-off by presenting fundamental structural injustices (pervasive assumptions, practices and norms) and societal dominations that hinder people's participation in the macro-economics of South Africa. It is hereby acknowledged that the structural injustices are identified particularly in the context of this study and may not be applicable in another context. It is, therefore, possible that another researcher may identify more and/or different structural injustices.

3.2 Economic psychology

Economic psychology is essentially a blend of economics and psychology. According to Roland-Lévy and Kirchler (2009), both psychology and economics have long shown an interest in the other discipline. Psychology and economics not only have extensive common boundaries, but also an overlap in the questions they pose. This gradually gave birth to a new joint discipline: "economic psychology". Current literature (e.g. Lea, 2015) argues that economic psychology is not a branch of psychology, but the interdisciplinary study of the interface – or, as it tended to be for much of the twentieth century, the gap – between economics and psychology. Economic psychology is an interdisciplinary enterprise that not only draws back and feeds into its parent disciplines (psychology and economics) but as well as the social sciences as a whole. Sethi (2012) alluded to this assertion very well by maintaining that because it is informed by both parent disciplines, it leads to a better understanding of how humans behave in their economic lives and explores how economic issues in society affect people's behavior. Older literature, (e.g. Maital &Maital, 1993) maintained that psychologists, like economists, study differences between individual and group behaviour, and between small and large groups. Economic psychology is concerned with issues of choice and decision-making. Economics is the logic of choice. Psychology is the science of behaviour.

According to Webley, Levine, and Lewis (1991) shed light on where the two disciplines differ and the gap that economic psychology bridges, the following assertion by Webley et al. (1991) is pertinent:

> Economics is a deductive science and has repeatedly asserted the persuasiveness of the model of "rational economic man" as a convincing explanation of human behaviour. There is no escape, as everyone at this level of analysis attempts to maximize utility in the pursuit of self-interest. Alternatively,

> psychology could be viewed as an inductive science, with no single, coherent theory to back its assumptions – it seeks to record systematically what people actually do and say, yet all behaviour, whether overt or covert, falls within its ambit. These epistemological differences define the boundaries. Despite this, it is the combination of both the inductive and deductive science which is to be the kind of "science"; and this is the aim of economic psychology (p. 128).

The influential French social psychologist Gabriel Tarde is widely regarded as the first person to use the expression, 'economic psychology' in his book titled *La psychologie ´economique*, published in 1902 (Lea (2015). The modern development of economic psychology started from the work of the Hungarian- American Gestalt psychologist George Katona in the period immediately after World War II. As advised by Wärneryd (2008b) it is perhaps important at this stage to briefly examine the history of economic psychology in order to understand the width of issues, its scientific status, and suggest problems for research.

3.2.1 The origins of economic psychology

According to Raaij (1999), the roots of economic psychology can be traced as far back as ancient Greece, where tasks in the household (oikos) were studied. The household in ancient Greece and Rome was the centre of economic organisation and agricultural production. In the middle ages, more areas of production such as mining and forestry developed. Specialised professions then developed, especially during the Renaissance, and urged the development of "pragmatics", that is, a set of descriptions and rules of conduct for guiding efficient and effective behaviour. The concern for pragmatics provided the basis for applied psychology, including economic psychology.

Wärneryd (2008a) propounded that the foundation of economic psychology was firmly laid by the seminal work of scholars, James Mills (JM) and his son John Stuart Mills (JSM). The two Mills contributed immensely to both economics and psychology. They were the first to clearly discuss the psychology of expectations, motives, and the love of money and wealth. These are concepts and theoretical notions that are still used in both economics and psychology and very relevant to this study. In 1829, JM published 'Analysis' in which he analysed the concept of consciousness and dealt with the distinction between sensation and perception. According to Wärneryd (2008a), this was the beginning of economic psychology as JM dealt with the pervasive human desire for money and wealth. He further discussed some economic implications of the pleasure–pain principle of utilitarianism and distinguished three kinds of sensation: pleasurable, painful and indifferent. JM further identified three remote causes of pleasure and stated that their opposites were the principal instigators of pain. The pleasurable causes were wealth, power and dignity. As regards the painful sensations, the corresponding causes were poverty, impotence and contemptibility. JM related the causes of pleasure and correspondingly, the avoidance of pain to the services of other people. Wealth, which was usually accompanied by power and dignity, made it possible to procure the services of our fellow-creatures.

A major point of JM's pleasure–pain principle was an emphasis on the role of wealth for happiness. In his view, the love of money was a normal part of being human and a dominant motive for behaviour. The desire for money was perceived as being derived from the pleasure–pain principle; desire for what money could buy or the end was transferred into desire for money or the means to the desired end. His main idea was that money is instrumental in procuring the causes of almost all our pleasures and removing the causes of a large proportion of our pains. As cited in Wärneryd (2008b), JB propounded that the main function of wealth was to make it possible to acquire the services of other people and saw this as a requisite for the satisfaction a person got from her/his wealth, power and dignity. Given this argument, one may wonder if micro-finance, which is usually offered by the rich to the poor, is not a motive of the rich to enlist the services of the poor to further enrich the already rich.

According to Wärneryd (2008a), JSM developed utilitarian ideas about maximising happiness. He concisely described what was later called 'secondary motivation' and 'functional autonomy of motives' in psychology: this implies that what was once desired as an instrument for the attainment of happiness has come to be desired for its own sake. In being desired for its own sake, it is, however, desired as part of happiness. In other words, one becomes or thinks he/she will become happy by its mere possession and becomes unhappy by the failure to obtain it. A study of the Mills' ideas reminds us that many ideas that appear to be new were in existence with more detail hundreds of years ago.

During the first part of the 20th century, economics developed as a science and can be differentiated into three waves (Raaij,1999). The French judge, Gabriel (de) Tarde (1843–1904) laid a seemingly complete foundation for economic psychology in the first wave through a number of journal articles and his two-volume work, *La psychologie ´economique*, published in 1902. Tarde, working together with Thorstein Veblen, initiated the first wave of economic psychology with their work based on neo-classical assumptions. According to the neo-classical paradigm of economics, the assumptions on human behaviour are unrealistic; for example, economic decision-makers are fully informed about choice alternatives, have stable preferences, behave rationally, are self-interested and maximise utility. The neo-classical assumptions are in conflict with evidence from psychological research, but these assumptions are used because of their simplicity and because it is an easy start for economic models and theories. The second wave of economic psychology was initiated by Veblen in the 1920s. He and others tried to introduce behavioural science in mainstream economics and to provide a better psychological foundation for economics. Psychology was developing as a science during this period, and the results from psychological research could not be disregarded in economics.

The third wave of economic psychology was heralded by the introduction of behavioural or psychological economics. The 1978 Nobel prize winner, Herbert Simon, both an economist and a psychologist, emerged with his theory of bounded rationality. Macro-economists adopted this in their models of adaptive expectations and norms. However, these approaches were overruled by the rational approaches in economics. The attack by Kahneman and Tversky (Kahneman & Tversky, 1979; Kahneman, Slovic, & Tversky, 1982) was more successful. Their prospect theory and their research on biases (tendencies to think in certain ways that can lead to systematic error in judgment and decision-making) and heuristics (simple, efficient rules, which people often use to form judgments) brought psychological or behavioural economics into the mainstream of economics.

3.2.2 Economic psychology today

As a new field of study with much in common with behavioural economics and consumer behaviour study, economic psychology is not well defined or structured (Raaij, 1999). In its original sense, economic psychology encompassed the psychological underpinnings of economics. It involved little more than the assumption that humans wanted to maximise need satisfaction and some implications thereof. The simplifying assumptions about the selfishness and full rationality of the economic agent were useful for the development of economic theory, but are obviously not an accurate representation of the behaviour of real people. According to Azar and Fetchenhauer (2012), today these assumptions are questioned much more frequently than in the past, mostly in the burgeoning fields of economic psychology and behavioural economics. The most prominent case for the recognition of psychology as being important for economics, however, is the Nobel Prize in economics being awarded to the psychologist, Daniel Kahneman in 2002 for integrating insights from psychological research into economic science.

Several organisations have been established since to advance the integration of economics and psychology further and foster research in the intersection of these disciplines. The most prominent of those include the International Association for Research in Economic Psychology (IAREP) and the Society for the Advancement of Behavioral Economics (SABE). The two organisations IAREP and SABE, have created a confederation that will serve as an umbrella organisation for behavioural economics and economic psychology named, The International Confederation for the Advancement of Behavioral Economics and Economic Psychology.

As maintained by Lea (2015), economic psychology is best described by what economic psychologists do. Economic psychologists focus their attention on questions such as the psychology of saving, debt and investment; the psychology of money and taxation, both in terms of individuals' compliance with or avoidance of tax and the psychological impact of tax systems; and the psychological impacts of major economic changes (see Anand &

Lea, 2011; Raaij, 1999; Sethi, 2012). Anand and Lea (2011) posited that today, economic psychology is mainly concerned with understanding human experience and human behaviour in economic contexts. Additional areas include poverty and affluence, money and the psychology of inflation, taxation behaviour, housework and the shadow economy. They maintained that economic psychologists are interested increasingly in the welfare of the poor (both in theory and policy circles). They further asked that if poverty constituted a web-like syndrome of psychological disadvantage, whether we can be sure that a focus on financial income improvement would be sufficient to help as many people as possible. Based on the question and focus on the poor, this study is seen as being relevant to the field of economic psychology and its results have direct implications for this discipline.

As maintained by Lea (2015), the study of debt does not have such a long history in economic psychology as the study of saving, but in recent years, it has become more and more prominent. In many countries, a particular sphere of research has been the study of debt and borrowing by university students, as governments have sought to transfer more of the financing of higher education from taxation to loans. The investigation of the psychology of debt has been given new impetus by the role that unsustainable personal borrowing played in the bank crashes of 2007 onwards, and the higher levels and pervasiveness of debt that are likely to be seen in the ensuing time of economic hardship. Almost all economic behaviours involve money in some way. This study on micro-finance or microcredit is even relevant as it is in line with the endeavours of today’s economic psychology; it deals with the study of debt and money, which is a central problem for economic psychologists (See Lea 2015).

Economic psychology grew out of an emphasis on consumer behaviour in marketing, but has extended its scope to focus on human behaviour with links to more macro-economic topics such as saving and credit, income and expenditure, inflation, tax-paying and tax-avoidance (Sethi, 2012). Sethi further posited that economic psychologists are also interested in diverse areas such as environmental issues, token economies, experimental gaming and time preferences. This diversification of subjects makes economic psychology a stimulating and challenging interdisciplinary research field. It deals with real problems that matter to people and with issues that pervade all of our lives. More and more, economic psychology is becoming concerned with the economic role of emotions; recent research has been exploring economic sources and defects of anger, guilt and shame, and pride and self-esteem (Lea, 2015).

Webley et al. (2001) contended that economic psychologists emphasise the fact that individuals are not isolated units, but members of families, of social groups, of organisations and of countries. Family life encompasses a variety of other economic decisions, the timing of children, budgeting, expenditure, savings, loans and asset management(Dodson & Palmer,2003).Seminal work on economic decisions (see Maital and Maital,1993) argued that decision-making and choice are one of the most pervasive and important types of behaviour in economic psychology. The discipline of economic psychology is hereby regarded as being key to the understanding of the psychological factors at play when people ask for micro-finance because first, the recipients of micro-finance have to make a decision to ask for financial assistance in the form of loans, and second, they have to make choices as to what they will use the money for in the light of their impoverished circumstances. What the money is used for is ultimately important in whether micro-finance programmes are successful or unsuccessful in lifting the self-esteem of recipients.

Decision-making is one area of family life where conflict is likely to occur since people's wants and needs differ, and hence, their priorities. It is hereby asserted that how the decision-making process is handled within the family has a bearing on whether micro-finance will be experienced at an individual and family level, ultimately affecting the self-esteem of the recipient positively or negatively. As alluded to in Chapter Two, opponents of micro-finance regard it as a source of domestic violence because of disputes over money. Proponents of micro-finance (e.g. Cheston & Kuhn, 2002) maintained that women's financial contributions help them earn greater respect from their husbands and avoid family quarrels over money. Closely related to decision-making and choice is the role played by expectations. Future expectations are crucial to household decisions about spending now and saving for the future. The importance of future expectations in asking for micro-finance cannot be under estimated: what the recipient chooses to do with the money ties in with what the recipient expects. It is these expectations, when ultimately met or not met that are vital to the ultimate feeling of high or low self-esteem. As mentioned in the preceding chapter, recipients in this research study comprise individuals that are informally self-employed that expected to use the money to sustain and improve their business ventures.

According to Kim et al. (2007), one of economic psychology's tenets is that entrepreneurship breeds entrepreneurship. This takes place in two ways. First, the founding of a new venture opens new opportunities for other new ventures. Second, each act of Kirznerian entrepreneurship (which suggests active, creative action and alertness to information) is a favourable example for others to follow. In other words, entrepreneurship creates a network of connections and externality. In line with the belief that entrepreneurship breeds entrepreneurship, the research maintains that the availability of adequate and timely micro-finance services for low-income households can have positive effects on the development of a community. Micro-finance can enable collective action, the coming together of the community, which is an important ingredient of participation of the community in its development (see Sugden et al., 2014). Thus, in line with the entrepreneurship breeds entrepreneurship tenet of economic psychology, micro-finance can enable formal and informal education and training - for leaders and especially poor members of the community, in skills that will allow them to locally co-design, get involved, and develop relevant entrepreneurship projects in their communities.

The discipline of economic psychology posits that at any moment, within any given economy, different individuals occupy different positions, from millionaire to beggar (Lea, 2015). In this study it is recognized that micro-finance recipients occupy the lowest positions in the South African economy. They earn less, if at all, have less spending power-and lower standards of living. These different dimensions of economic disparity must have profound psychological consequences. Anand and Lea (2011) maintained thatthe economy influences individual lives, at the psychological level of feelings, thoughts and behavior. In this study, the intention is to shed light on the relationship that exists between micro-finance and self-esteem and self-efficacy, with particular emphasis on the psychological factors that affect self-esteem and self-efficacy of those in the lower ranks of the economy. To achieve this aim, critical theory was chosen as the best theoretical approach and is discussed in the paragraphs that follow.

3.3 Critical Theory

To echo Duvenage's (2003) observation, it is acknowledged that it is not a simple and easy task to provide an illustrative picture of a complicated intellectual tradition like critical theory. A major part of the problem is that there is no single clear or agreed upon definition of critical theory. It has both a narrow and broad meaning in philosophy and in the history of the social sciences (Bohman, 2007). Narrowly, it signifies several generations of philosophers and social theorists that are associated with the Frankfurt School. Critical theory in the very narrow sense consists of many diverse aspects and quite distinct historical phases that span several generations from the founding of the Institute for Social Research in 1929 to the present. In its traditional and classical sense, Horkheimer sketched emancipation as the attempt to liberate human beings from circumstances of enslavement. Such a vision of emancipation and liberation has provided the platform for many broader "critical theories" today, including feminism, critical race theory and some forms of postcolonial criticism (Duvenage, 2003). Although critical theory is often thought of narrowly as referring to the Frankfurt School that begins with Horkheimer and Adorno, and stretches to Marcuse and Habermas, any philosophical approach with similar practical aims could be called a "critical theory" in a broader sense including feminism, critical race theory and some forms of post-colonial criticism (Bohman, 2007).

3.3.1 The history of critical theory

The term, critical theory has its roots in the 20th century Frankfurt School, and is now associated with scholars across a range of disciplines. In order to understand the history of critical theory, it is important to understand the circumstances surrounding the Frankfurt School. According to Schofield Clark (2010), the Frankfurt School for Social Research was founded in 1923 as a centre for socialist research. The "Frankfurt school" as it is widely known, consisted of a group of philosophers, sociologists, social psychologists and cultural critics who worked in the period before and after the Second World War for the privately financed Institute for Social Research, based in Frankfurt (Finlayson, 2005). They published their work in the Institute's *Journal for Social Research* and worked within a common paradigm. All of them were influenced by the dialectical philosophy of G. W. F. Hegel (1770–1831) and Karl Marx (1818–1883). As maintained by Bohman (2007), from the beginning, the school was critical of orthodox Marxism, providing an analysis of ideology and politics and abandoning traditional forms of economic explanation. He further maintained that the modern German tradition of dialectical philosophy in which they worked, sometimes called Hegelian-Marxism, was not the dominant one at that time. They were an intellectual minority, in opposition to the reigning European tradition of neo-Kantianism, and the Anglo-Austrian tradition of logical empiricism. In line with Bohman's contention, this is how the retrospectively adopted talk of the "Frankfurt school" and of Frankfurt School theory, should be understood.

Ever since its inception in the 1920s, critical theory in the narrower sense has gone through many changes, both within and between generations. It has become common to separate critical theory roughly into three generations (Rush, 2004). The first generation, that includes figures such as Horkheimer, Adorno, Marcuse, Benjamin, Fromm and Pollock, were not always in agreement. The second generation, overshadowed by the gigantic figure of Habermas, has positioned itself in many respects opposite the first; while the third generation, consisting of Axel Honneth and others, is still finding their way in the post-Cold War era of cultural plurality. The Frankfurt School tradition was led first by Max Horkheimer and Theodor Adorno, and then by Jürgen Habermas. While Habermas and other members of the second generation remain active, his 1994 retirement marked the end of an era and the emergence of a new generation in critical social theory, led by Axel Honneth (Anderson, 2000). A discussion of these three generations follows.

3.3.1.1 The first generation

The first generation of critical theorists come from the Frankfurt School. The central figures comprising the first generation were Theodor Adorno, Max Horkheimer and Herbert Marcuse. Many other famous names were associated with it, including Leo Lowenthal, Karl Wittfogel and Erich Fromm. Finlayson (2005) maintained that the Frankfurt School were among the first to approach questions of morality, religion, science, reason and rationality from a variety of perspectives and disciplines simultaneously. Their approach was interdisciplinary as they believed that bringing different disciplines together would yield insights that were unobtainable by working within narrow and increasingly specialised academic domains. Therefore, they disputed the widespread assumption of the time that the empirical approach of the natural sciences was the only valid one.

According to Finlayson (2005), Max Horkheimer was chiefly responsible for developing the paradigm of critical theory in his 1937 essay titled, *Traditional and Critical Theory*. He was the first to define critical theory. In his view, critical theory was to be a new interdisciplinary theoretical activity, which supplemented and transformed the dialectical philosophy of Hegel and Marx with insights from the relatively new discipline of psychoanalysis. The resultant approach had four chief characteristics: it was interdisciplinary, reflective, dialectical and critical. These characteristics, as explored in the coming sections, form the basis for the research methodology used in this study.

It should be noted that Horkheimer wanted to differentiate critical theory as a radical, emancipatory form of Marxian theory, critiquing both the model of science put forward by logical positivism and what he and his colleagues perceived as the covert positivism and authoritarianism of orthodox Marxism and Communism. The core concepts are: (1) critical social theory should be directed at the totality of society in its historical specificity (i.e. how it came to be configured at a specific point in time), and (2) critical theory should improve an understanding of society by integrating all the major social sciences, including geography, economics, sociology, history, political science, anthropology, and psychology. This underlines the fact that critical theory is a social theory oriented toward critiquing and changing society as a whole, in contrast to traditional theory oriented only to understanding or explaining it (Bohman, 2007).

The Frankfurt critical theory has the reputation of being pessimistic. According to Finlayson (2005), this “pessimism” was rooted in the historical circumstances in which Adorno and Horkheimer’s work was originally produced, precisely, the rise of National Socialism, state capitalism and mass culture as entirely new forms of social domination that could not be sufficiently described within the terms of traditional Marxist sociology. They claimed that the industrialised and bureaucratised modern world was formed by a process of rationalisation. As industrialisation and capitalism gradually took hold in the 19th century, human beings were exposed to ever more pervasive networks of administrative discipline and control, and to an increasingly powerful and untameable economic system. Instead of liberating human beings from nature, the process of enlightenment imprisons humans, who are themselves part of nature. Instead of economic abundance, there is misery and poverty. Instead of moral progress, there is regression to barbarism, violence and intolerance. By the time Horkheimer returned to Frankfurt in 1949, both he and Adorno had become more pessimistic about the chances of realising the practical goal of critical theory – a radical transformation of society. As explained in the paragraphs to follow, this pessimistic view is opposed by proponents of the second generations.

The first generation was influenced by various forces that prevailed at that time as depicted in Figure 4.

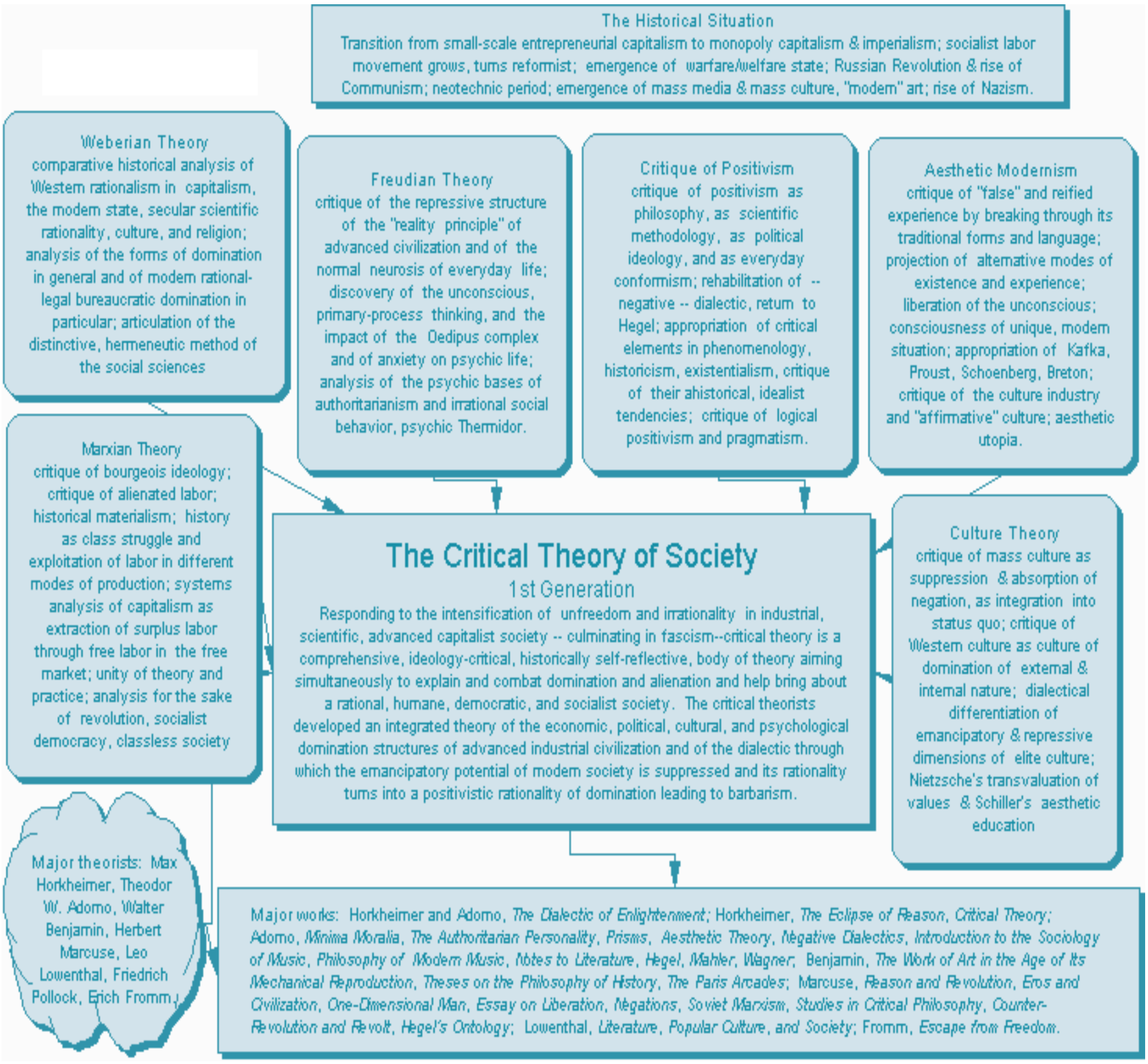


Figure 4: The history of critical theory depicting the intellectual influences on the first generation of critical theorists (source: http://www.newworldencyclopedia.org/entry/Franfurt_School)

As maintained by Anderson (2000) the key turning point which culminated in the end of the first generation's era came around 1970 with the deaths of Adorno in 1969, the departure of Horkheimer who retired to Switzerland and Habermas who left for Starnberg in 1971. As soon as the Social Sciences Department was established in 1971, the Institute no longer offered courses and became dependent on soft money for funds. He went on to argue that since then the Institute for Social Research has faded as the institutional home of critical social theory in Germany, although it continues to operate. While the departure of Habermas from Frankfurt marked the end of the first generation era, it ushered in the new era associated with the second generation. A discussion of the second generation hereby follows.

3.3.1.2 The second generation

Jurgen Habermas is regarded as the leading light of the second generation of Frankfurt School theorists. As a prominent member of the second generation of critical theory, Habermas specifically developed this dimension of normative political theory. Box (2005) maintained that “[t]oday, many people think of critical theory as the same thing as the work of Jurgen Habermas” (p. 5). Habermas’ work is best understood as the fruit of an continuing response to the critical theory of the first generation of Frankfurt School theorists. In the 1960s, Jürgen Habermas elevated the epistemological discussion to a new level in his *Knowledge and Human Interests*, by identifying critical knowledge as based on principles that differentiated it either from the natural sciences or the humanities, through its orientation to self-reflection and emancipation.

Although not pleased with Adorno and Horkeimer's thought presented in *Dialectic of Enlightenment,* Habermas in *Structural Transformation*, remained true to the original paradigm of the first generation. First, it is interdisciplinary, integrating insights from history, sociology, literature, and philosophy. Second, it aims to locate the progressive, rational aspects of modern society and to differentiate them from the regressive, irrational ones. Third, like Horkheimer and Adorno before him, Habermas employs the method of immanent criticism. The critical theorists aspire to criticise an object – a conception of society or a work of philosophy – on its own terms and not on the basis of values or standards that transcend it, in order to bring its untruth to light as opposed to external criticism.

Anderson (2000) contended that Jürgen Habermas' two most influential ideas are the concepts of the public sphere and communicative action. The latter arrived partly as a reaction to new post-structural or so-called post-modern challenges to the discourse of modernity. What emerged as Habermas' unique approach to critical theory was a focus on specifying the conditions under which human interaction would be free from domination. While the first generation looked to various forms of economic, political or psychoanalytic crisis as areas of emancipatory impulses, Habermas looked to the ideal of free interpersonal interaction as it was found in ordinary life, particularly, in linguistic communication, to serve as the key source of emancipatory impulses (Anderson, 2000). According to Box (2005), a distinction often made between Habermas and his precursors in the Frankfurt School, “is his use of the dimension of intersubjective communication, thus decentering the subject and acknowledging the socially constructed nature of human perception” (p. 6). Habermas's ideal was not founded on the notion of a rational society unlike that of traditional critical theory, but was based on the concept of the ideal speech situation. The mere fact that human beings are all symbol-using animals that live and work together indicates an ideal in which communication is free and not distorted by social inequalities, external oppression or internal repression (Scott & Marshall, 2009).

The difference that punctuates Habermas' divergence from the first generation of critical theorists was his desire to construct a systematic social theory and his willingness to allow instrumental thought a legitimate place in his scheme. Habermas granted an authentic place for instrumental reason and used psychoanalysis as a model for an ‘emancipatory science’, a science that does not only generate knowledge, but also allows humans to become aware of and to change themselves, and be able to eliminate inequalities and distortions in communication. In *Knowledge and Human Interests* (1968), he distinguished three cognitive interests that human beings share: a technical interest, in knowing and controlling our environment, which gives rise to the empirical (primarily the natural) sciences; a practical interest, in being able to understand each other and work together, which gives rise to the hermeneutic sciences; and an emancipatory interest, which involves our desire to rid ourselves of distortions in understanding and communication, and gives rise to the critical sciences such as psychoanalysis (Kellner, 2005).

The second generation is much clearer and more positive than the first generation about the path that critical theory should take. In contrast to the first generation, Habermas identified the social and institutional conditions that foster autonomy. He regarded emancipation as a means of creating truly democratic institutions able of withstanding the destructive effects of capitalism and state administration. Habermas introduced the concept of public sphere, which is both an idea and an ideology which is a space where subjects participate as equals in rational discussion in their pursuit of truth and the common good. As ideas within the concept of public sphere, openness, inclusiveness, equality and freedom are beyond reproach. In reality, though, they are simply ideologies or illusions. Habermas' theory of the public sphere, in comparison to that of the first generation's views, elevates the ideal of free rational discussion between equals as one that, even though it is presently unfulfilled, is nonetheless, the ideal of the historical worthy of pursuit (Finlayson, 2005).

In the second part of his *Structural Transformation,* Habermas mapped the disintegration and decline of the public sphere. He posited that as newspapers and magazines gradually acquired a mass circulation, they become absorbed into giant capitalist corporations that served the private interests of a few powerful individuals. Consequently, public opinion gradually lost its dual autonomy along with its critical function. Instead of nurturing the formation of rational opinion and reliable beliefs, the public sphere in the 19th and 20th centuries was used as a ground in which public opinion could be contrived and manipulated. Consumer items, the mass-media newspapers, magazines and bestseller novels became, along with radio and television broadcasts, which under normally circumstances should be used to promote freedom and human prosperity, actually began to suppress it. The presented gloomy view of the development of 20th-century Western capitalist society is consistent with much of Adorno's and Horkheimer's account of the manner in which the culture industry created docile and uncritical consumers. To this extent, one wonders if the alleged benefits of micro-finance are not part of manipulation by the dominant micro-finance providers. It is hereby maintained that studying micro-finance from the recipients' point of view will shed light into its real benefits or lack thereof.

The work of the second generation is been continued by the third generation. As posited by Anderson (2000), Axel Honneth is continuing the work of Jürgen Habermas as a representative of the third generation. A discussion of what is distinctive of the third generation hereby follows.

3.3.1.3 Third generation

As proposed by Anderson (2000), a broader look at the third generation of the Frankfurt School as a whole showed that the political consciousness of this generation was moulded by an unlikely constellation of events compared to those that influenced earlier generations. The original Frankfurt School generation came of age in the struggle to understand and comprehend the non-revolutionary consciousness of the majority of German workers and as mature theorists, encountered the discovery of National Socialism's crimes against humanity. As discussed in the preceding paragraph, the second generation came of age in the face of revelations of Nazi atrocities, and went through the transformations around 1968 as mature theorists.

The third generation came into existence in 1968 and came of age in the face of thenew social movements of the 1970s, and came to confront as mature theorists, the fall of the Berlin Wall, the rise of the politics of ethnicity and the acceleration of globalisation. At present, Axel Honneth embodies the third generation, continuing the classic work of Jürgen Habermas, but with a partial return to Hegel (Anderson, 2000). Axel Honneth is an internationally celebrated social theorist who ingeniously continued the legacy of the Frankfurt School's Critical Theory (Corradetti, 2013). Through his leadership, the Frankfurt Institute of Social Research has regained its earlier mission of combining radical social and political analysis with rigorous philosophical inquiry. A discussion of some of his sterling work is presented as a necessary prelude to discussing the distinctive features of the third generation.

Even though Honneth was not a student of Habermas', he was appointed by Habermas in 1984 for a six-year position as assistant professor (Corradetti, 2013). In that period, they closely worked together, regularly co-teaching in various seminars. Subsequently, after a quick succession of appointments at different academic institutions, he returned to Frankfurt to take Habermas' chair in social philosophy in 1996. Throughout this period Honneth worked extremely hard to improve the infrastructure of critical theory in Frankfurt, especially as a co-founder of the biweekly "*Humanwissenschaften*" section of the *Frankfurter Rundschau.* During that time, he hosted many influential guests to the Frankfurt philosophy department, and was a member of the advisory board of the Institute for Social Research (Rush, 2004).

Anderson (2000) asserted that three themes in Honneth's work stand out as crucial to his approach; these themes are typical of the third generation: First, a view of history and society founded on the struggle for recognition by social groups; second, the third generation put into context the normative foundations in the deep structures of subjective experience and third, he gives greater consideration to the "Other of reason". The three themes also represent vital points of divergence from the second generation and discussed in the next sections, form the basis of some of the emerging trends in critical theory. In emphasising these differences in what is to follow, care should be taken not to overstate or overestimate the contrasts, for Habermas and Honneth are in agreement on the deep-seated belief that the social institutions that safeguard undistorted forms of intersubjectivity are partly based on universalistic principles. Honneth's account of "the social" focuses on the central role of conflict between social groups, rather than between individuals or between structural entities. In his view, Horkheimer, Adorno, and Habermas all end up marginalising the genuinely social dimension of critical theory (Deranty & Renault, 2007). He contended that, instead, what is needed is a description of critical theory that stresses that society reproduces itself through real social group interactions that are often conflicting and are themselves the products of continuing activities of interpretation on the part of participants. Honneth argued that social groups signify both driving forces of historical development and resources for human flourishing.

As explained in the sections to follow, Honneth proposed that critical perception of injustice should be located more generally within individuals. Accordng to Deranty and Renault (2007), Honneth argued that the sense of being wronged and the moral claim that is thereby raised, comes from the subjective experience of victims of disrespect and is given expression in social struggles. Honneth's approach is, therefore, closer to that of the first generation of Frankfurt School than to the second generation, in particular, that of Habermas, in that he looks to the experience of being subjected to domination to find the normative core for social critique. He reconstructs the normative standards for social criticism out of the history of social struggles. In other words, in place of Habermas's emphasis on undistorted relations of communication as revealing a standard of justification, Honneth focuses on the progressive overcoming of barriers to full interpersonal recognition (Anderson 2000). According to him, social groups are more than agents of social transformation; they also offer the essential environment for human to thrive.

In concluding this section, it should be mentioned that the third generation can no longer be said to be composed of anything as cohesive and unified as a school. Critical theory today continues across a much more diverse spectrum of different philosophical approaches, influences and questions. As maintained by Rush (2004), its adherents are no longer united by national, geographical or even linguistic ties, and do not necessarily even share the basic commitment to radical political change that characterise first generation critical theory. Given this background, critical theory can be characterised by a particular diversity and plurality that contribute to its theoretical and practical richness, but also pose barriers for understanding and orientation. Rush (2004) argued that the challenge is "…to respect the richness (the diverse intellectual influences on critical theory as well as the technical vocabulary of each thinker), but also to focus on the core philosophical concerns that are shared by Critical Theory as an intellectual tradition" (p. 1).

3.3.2 Basic tenets of critical theory

As pointed out in the preceding paragraphs, due to differences in approach between authors and changes in the work of individual authors over time, it is difficult to construct a unitary narrative of critical theory (Box, 2005). Henceforth, it will be useful to identify some common characteristics in this body of work, recognising that not all authors treat them the same or even agree on their status within critical theory. Rush (2004) offered a word of caution when he succinctly maintained that "when pursuing the elements that unify it, it is important not to lose sight of the pluralistic nature of the enterprise, where individual thinkers can differ (sometimes substantially) on various matters" (p. 1).

Critical theory as espoused mainly by Max Horkheimer (or the first generation) is hereby adopted. According to Horkheimer (1982), a 'critical' theory may be distinguished from a 'traditional' theory according to a specific practical purpose. Any theory is critical to the extent that it seeks human emancipation: “to liberate human beings from the circumstances that enslave them” (p. 244). Liberation is a theme that runs through critical theory: freedom from objective oppressors such as colonizers and exploitive employers, and freedom from subjective forces such as mass culture and ideology (Davidson et al., 2006). It follows from Horkheimer's explanation that a critical theory is adequate only if it meets three criteria: it must be explanatory, practical and normative, all at the same time. Critical theory is explanatory in the sense that it seeks to explain what is wrong with current social reality, identify actors responsible for change, and provide both clear norms for criticism and achievable practical goals for social transformation. Critical theories do not merely seek to provide the means to achieve some independent goal, but rather seek human emancipation in circumstances of domination and oppression. According to Horkheimer (1993), this normative task cannot be accomplished apart from the interplay between philosophy and social science through interdisciplinary empirical social research.

Critical theory is relevant to this research study as it aims to explain and transform a circumstance that enslaves human beings. Ever since its beginning, critical theory has been primarily concerned with the removal of oppression and the promotion of justice. This is called the *transformative concern* of critical theory. Related to it, is the belief that people can individually and collectively facilitate change and progress toward higher planes of satisfaction and freedom (Davidson et al., 2006). To this point, the research is concerned with understanding the interplay between micro-finance and self-esteem. The aim is to understand whether receiving micro-finance contributes to the emancipation of the poor by correlating with an increase in the self-esteem and self-efficacy of the poor and underbanked in South Africa. In this study, self-esteem and self-efficacy are measured to establish if micro-finance does benefit its recipients.

Based on the emphasis placed by the first generation of critical theory on human beings as the self-creating producers of their own history, a unique practical aim of social inquiry during that time manifests itself: thus to transform contemporary capitalism into a consensual form of social life. Horkheimer (1993) propounded that a capitalist society could be changed by becoming more democratic, to make it such that “all conditions of social life that are controllable by human beings depend on real consensus in a rational society” (p. 249). The normative orientation of critical theory, at least in its form of critical social inquiry, thus, is aimed towards the transformation of capitalism into a real democracy in which such control could be exercised. Seen from both the broad and the narrow senses, critical theory provides the descriptive and normative bases for social inquiry aimed at decreasing domination and increasing freedom in all their forms. In this research inquiry, it is freedom from oppressions of poverty, from a life characterised by misery. In instances where micro-finance has a negative impact on the lives of the poor, freedom can be from domination or bondage by micro-finance providers.

As alluded to in the preceding section, critical theory has four chief characteristics: it is interdisciplinary, reflective, dialectical and critical. These characteristics form the basis for the research methodology used in this study. Any truly critical theory of society, as propounded by Horkheimer (1993), is interdisciplinary in its approach. He argued that critical theory cannot accomplish its normative task apart from the interplay between philosophy and social science through interdisciplinary empirical social research. It does not merely seek to provide the means to achieve some independent goal, but rather seeks “human emancipation” in circumstances of domination and oppression. Critical theorists argue that critical theory should improve understanding of society by integrating all the major social sciences, including geography, economics, sociology, history, political science, anthropology, and psychology. Its uniqueness as a philosophical approach that spreads out to ethics, political philosophy and the philosophy of history, is most evident when considered in the light of the history of the philosophy of the social sciences. Critical theorists strived for differentiating their aims, methods, theories and forms of explanation from orthodox understandings in both the natural and the social sciences. They have instead claimed that social inquiry is supposed to integrate rather than divide the poles of philosophy and the social sciences.

Critical theory is reflective or inherently self-aware. A critical theory reflects on the social context that gives rise to it, on its own function within that society, and on the purposes and interest of its practitioners, and so forth, and such reflections are built into the theory (Box, 2005). Thus, being contextual in its approach, critical theorists believe that it is necessary to understand the lived experience of real people in context. It should be directed at the totality of society in its historical specificity, that is, how it came to be configured at a specific point in time. Together with its interdisciplinarity, the reflectiveness of critical theory was supposed to unmask what the Frankfurt School theorists considered to be the 'positivist' illusion afflicting traditional theories (such as the natural sciences), namely, that the theory is just the correct mirroring of an independent realm of facts, the dualist picture of knowledge encouraging the belief that facts were fixed, given and unalterable, and independent of the theory.

Box (2005) contended that Jürgen Habermas raised the epistemological discussion to a new level by identifying critical knowledge based on principles that differentiated it from both the natural sciences and the humanities, through its orientation to self-reflection and emancipation. In Habermas' epistemology, critical knowledge was conceptualised as knowledge that enabled human beings to emancipate themselves from forms of domination through self-reflection. To this extent, critical theorists would view the poor and underbanked as using micro finance as a means to free themselves from poverty or as a means to survive their circumstances. They reflect on ways of circumventing their circumstances and thus, apply for micro-finance as a way of dealing with their present situation. In this instance, this research topic exploring the relationship between micro-finance and self-esteem is relevant for critical theorists.

Schofield Clark (2010) maintained that research that aspires to be critical seeks as its purpose of inquiry to confront injustices in society. She contended that critical researchers aim to understand the relationship between societal structures (especially those economic and political) and ideological patterns of thought that constrain the human imagination and thus, limit opportunities for confronting and changing unjust social systems. Micro-finance is the provision of financial help to those who occupy the lowest economic structures in the society, usually provided by those in the higher economic structures. This begs important questions such as - is micro-finance as an intervention programme really meeting the needs of marginalized populations, and not actually promoting and reproducing the fundamental structural injustices? By undertaking this research, it is hoped the results of study would contribute to an understanding of the impact of micro-finance from the recipient's view.

Given the current status quo, micro-finance is, therefore, a pertinent topic to be explored by critical theorists in order to understand whether it leads to human freedom from poverty by studying its relationship with the self-esteem of its recipients. Nielsen (1992) proposed that critical theory aims to “give us knowledge of society: its structure and its dynamics and its life-world ... [thus] enabling us to determine what our true interests are" (p. 265). In essence, it shines a critical light on the workings of society and finds them dominated by the interests of wealthy elites who have succeeded in convincing most people that those elite interests are also the interests of society at large. People’s self-esteem is thus often based on their ability to achieve the interests of the elite. In this study, the interests and well-being of micro-finance recipients is of central importance. It is not only believed that the research topic is relevant to critical theory, but that knowledge gained in this study may lead to an improved understanding of the psychological factors associated with the provision of micro-finance and better treatment of recipients.

Finally, Horkheimer maintained that a critical theory should be *critical*. This requirement comprised several distinct claims. Generally, it meant that the task of theory was practical, not just theoretical: that is, it should aim not just to bring about correct understanding, but to create social and political conditions more conducive to human flourishing than the present ones. More specifically, it meant that the theory had two different kinds of normative aims, diagnostic and remedial. The goal of the theory was not just to determine what was wrong with contemporary society at present, but by identifying progressive aspects and tendencies within it, to help transform society for the better. According to Box (2005) “Critical social theory encourages academicians and practitioners to view social structures and practices as vehicles of domination, repression, and manipulation but also as potential starting points for meaningful social change” (p. 13). The study is aimed at contributing useful information that can help micro-finance providers to achieve a better understanding of micro-finance recipient’s self-esteem.

3.3.3 Trends in critical theory

The critical theory of society of the Frankfurt School continues to incite interest and controversy. In recent decades, there have been many different attempts to articulate the connections between the economic, political, social and cultural dimensions of contemporary society in the spirit of critical theory (Kellner, 1989). The critical theory of the Frankfurt School continues to provide theoretical and political resources to draw upon to create theories and politics adequate to the contemporary era, an era of upheaval, unpredictability, utopian possibilities, authoritarian horrors, the resurgence of the radical right and openings for social transformation. It remains of intense interest for the present conjuncture and provides crucial resources for a renewal of critical social theory and democratic politics in the current age precisely because, as in the 1930s, our age is undergoing vast transformations, some of which are promising and some of which are threatening. Going back to the classics in critical theory is, therefore, not a matter of mere antiquarian pleasure, but of gaining methodological insight, theoretical illumination, and political inspiration to carry on the tasks of critical social theory in the present conjuncture (Kellner, 1989).

The new trends in critical theory are more pronounced from members of the third generation who share an approach to critical social theory that is motivated partly by opposition to pernicious forms of abstraction - including well-intentioned abstractions that make oppression invisible (Sandler, 2007). The newest trends are centred on articulating the economic, political, social and cultural pains that oppress humans and the need towards social transformation on these issues. Issues of exclusion, marginalisation, emotions and otherness are pronounced more than before in critical theorists' research, and are sustained by engagement with feminist and racial/ethnic issues. Feminism, for instance, demonstrates how gender bias infected disciplines from philosophy to literary study and is embedded in texts ranging from the classics of the canon to the mundane artefacts of popular culture. In similar ways, critical race theory demonstrates how racist images and discourses permeated cultural artefacts, while gay and lesbian theory demonstrates how sexual orientation is negatively represented and marginalized (Kellner, 2005). Members of this generation focus on the failure of liberal capitalism, along with certain strands of contemporary philosophy and social science, to accommodate difference and particularity. For the purpose of this study, only the new trends relevant to this study will be expanded on.

3.3.3.1 Emphasis on social transformation, human rights and democracy

Although the current crop of critical psychologists vastly vary in their emphasis and approach to basic tenets of critical theory, it is hereby maintained that they do minimally share an approach to critical social theory that is motivated by their quest to social transformation, human rights and the attainment of democracy. Credence to this assertion was given by Davidson et al. (2006) when they contended that “the commitment to social transformation is what distinguishes critical theorists from others who subscribe to poststructuralist conceptions but who lack the concern for transformation” (p. 36). Anderson (2000) maintained that a focus on human rights and democratic theory represents a further new development, one that gives the law a much more prominent role in developing the normative foundations than that afforded to it by the previous generations, at least prior to the point where the third generation came on the scene. Proponents of the third generation are motivated by concerns that emerged with the identity politics of the 1970s and engagement with feminist, racial, ethnic and gender issues. Members of this generation focus on the failure of liberal capitalism, along with certain strands of contemporary philosophy and social science, to accommodate difference.

There is a palpable analysis of social conflict and a focus on issues involving the development of new forms of social integration, civil society, social solidarity and cosmopolitan multiculturalism as counterweights to the disintegrating pressures of neo-liberalist policies and the rising tide of nationalism. True to the spirit of the original critical theorist, current analysts working in this tradition align themselves with the interests of those opposed to the dominant order of society. Critical theorists ask questions about the ways in which competing interests clash and the manner in which conflicts are resolved in favour of particular groups (Mahlangu & Pitsoe, 2014). They particularly emphasise the central role of conflict between social groups, rather than conflict between individuals. They argued that, what is needed, instead, is an account of the social that emphasizes that society reproduces itself through the often conflicting interaction of real social groups, which are themselves the products of on-going activities of interpretation and struggle on the part of participants.

The new trend is to consider change not constrained by the immediately given conditions and institutions. In the light of this argument, it is perhaps appropriate to ask the question, what micro-finance alternatives are there to eliminate or at least tame the dominance of instrumental rationality? Wilkerson and Paris (2001) posited that it is crucial that social change be uncovered and explored through a critical or negative attitude towards existing reality.

Friedland and Mohr (2004) contended that the universalism of the Frankfurt School's critical theory is inadequate to a critique of globalization because of its implication in the Eurocentric project of cosmopolitan unity. Thus, it is bound by contextual constraints and is narrow in its approach. They propounded that a renewed critical theory must derive its normative commitments out of the geographically multitudinous concrete and necessary partial social processes, not out of the scenography of European reason. They further argued that our world is one of multiple modernity whose articulation must be part of the ethics of a new critical theory. Placing the poverty stricken South African micro-finance recipients in the centre of analysis opens up possibilities for both a practical and a conceptual stance, one in which all groups possess varying amounts of penalty and privilege in one historically created system. As explained in Chapter Two, poverty in South Africa is heavily biased along racial lines due to the lingering effects of apartheid. It was important to take cognisance of the racial undertones and the relationship of dominance and oppression by micro-finance institutions that might be at play in the context of this study.

3.3.3.2 Greater attention to the role of subjective experience and the other of reason

The majority of current critical theorists have typically focused on contextual justification and the role of emotions. According to Anderson (2000), recurring themes found in the third generation and current critical theory literature that captures more fully the aesthetic dimension of subjectivity and the emotional basis of moral sensitivity are: the importance of attention to the concrete other, the unavoidability of substantive ethical assumptions, the pluralistic character of reason and the contextual nature of applying standards. As explained in the following section, there is a trend, starting with Axel Honneth, to contend that the sense of being wronged comes from within the subjective experience of victims of disrespect and is given expression under certain cultural conditions in social struggles. These three modes of relating practically to oneself can be acquired and maintained only intersubjectively through relationships of mutual recognition. Thus, the subjective world of individuals becomes a shared world when people’s values, beliefs and norms coincide. Emphasis on the importance of emotions has brought with it attention to the place of the unconscious and the extra-rational in human life. They contend that the possibility for sensing, interpreting and realising one's needs and desires. In other words, the possibility of being somebody - depends crucially on the development of self-confidence, self-respect and self-esteem. Those whose needs and desires are not heard and whose voices have been silenced and marginalised are referred to as the "other" of reason. The impact of micro-finance has been studied mainly from a material possessions perspective with little attention to given to the feelings and emotions of those supposed to benefit. This study endeavoured to explore the impact of micro-finance on the feelings, specifically the self-esteem and self-efficacy of the beneficiaries. It will help micro-finance practitioners understand whether the current rhetoric shared by micro-finance proponents about micro-finance leading to high self-esteem is shared by the recipients.

The question that beckons is, what implication does the notion of subjectivity and emotions have in research studies? Buchanan (2010), when explaining the term critical theory, contended that critical theory, unlike the traditional conception of theory, maintains that theory is historical, subjective and a part of society. Buchanan further gave the following warning: “For critical theorists, the idea that it is possible to derive mind independent concepts, that is, concepts that do not involve the subjectivity of the theorist… is both illusory and ideological” (p. 100). The notion of subjectivity is very relevant in this study. In reporting and presenting results, personal biases and s and the part they may have played is acknowledged. The shared judgments or world are essential in this study and were subjected to scrutiny to establish the extent experience of micro-finance relates to self-esteem.

3.3.3.3 Struggle for recognition, misrecognition and moral injury

The third generation, in particular Axel Honneth, proposed that perception of injustice is located within individuals' negative experiences. According to him, although some social struggles are driven by self-interested conflicts over resources, once the ideology of instrumentalist reason is undermined, we can see these struggles as also giving expression to moral claims that can serve as normative standards. Those adhering to this view emphasise the concept of mutual recognition. They maintained that the development of self-confidence, self-respect and self-esteem can be acquired and maintained only intersubjectively, through relationships of mutual recognition. These relationships are not historically given, but must be established and expanded through social struggles (Anderson, 2000). The 'grammar' of these struggles turns out to be 'moral' in the sense that the feelings of disgrace and indignation generated by the rejection of claims to recognition imply normative judgments about the legitimacy and acceptability of social arrangements. Like the third generation, current critical theorists (e.g. Bernstein, 2005) focus on the progressive overcoming of barriers to full interpersonal recognition, barriers such as legal exclusion and cultural denigration, as well as rape and torture. Anderson maintained that in this way, the normative ideal of a just society (what Honneth calls a formal conception of ethical life) is empirically confirmed by historical struggles for recognition.

According to Bernstein (2005), there is a wide range of motives that form the basis for social misrecognition and cause for moral injury. These are varied and include resentment of unearned privilege, abhorrence of cruelty, aversion to arbitrary power, revulsion against gross disparities of income and wealth, antipathy to exploitation, dislike of supervision, and indignation at being marginalised or excluded. Currently, South Africa is characterised by strikes and service delivery protests in poor communities. Bernstein further maintained that in contrast to the struggle for recognition theory, there are those like Nancy Fraser who contended that it is not a hierarchical scheme of the good life as etched by three central forms of recognition (love, rights, and solidarity), but parity of participation that should be the guiding notion for a critical theory of society. The core idea here is that social arrangements should permit all adult members of a society to interact with one another as peers. In his article titled *Suffering Injustice: Misrecognition as Moral Injury in Critical Theory*, Bernstein (2005) splendidly captures the link between struggle for recognition and the parity of participation notion in this way:

> If disparity of income is unjust and a form of injury, this is not because it violates a deontological norm that has magically descended from heaven, but because it

blocks my participation in society, and if my participation in society is blocked in this way, then I have not been recognized as being of equal worth to those around me; if being 'accorded' a status means anything, it means being recognized. Hence, not being accorded a status is a form of misrecognition. And if not being recognized as of equal worth is a moral matter, this can only be because it is a source of harm or injury or wounding (p. 331).

In accordance with Sandler (2007), structural injustices are defined as pervasive social structures, practices and norms that lead to disproportionate social suffering for particular categories of people or communities. Importantly, structural injustice is social, not biological or interpersonal. Critical researchers study particular ways in which societal structures, such as educational and cultural discourse, form and reform subjectivity; that is, the views and opinions individuals hold about themselves and the society around them (Davidson et al., 2006). By exploring the relationship between the provision of micro-finance and the self-esteem of recipients, the research will established if micro-finance really benefits recipients by increasing their self-esteem or not. The section that follows further explores the structural injustices identified in the context of this study. As explained in Chapter Two, South Africa is still biased along racial, gender and social class (economic class) lines.

3.4 Three main economic structural injustices in South Africa

The aim in this section is deconstructing and interrogating the pervasive social practices, norms and assumptions (structural injustices) that led to economic social suffering for particular groups of people in South Africa. It brings to light and contextualises the structural injustices that may be shaping the current debate on micro-finance in South Africa. In line with a critical stance adopted in this study, the three main distinguishing factors deemed to form the basis of excluding particular societal groups from participating freely in the economy of the country are discussed. Based on the apartheid history of South Africa, the structural injustices are patterned mainly in racial, gender and social class dominations.

3.4.1 Racial domination

According to Findley and Ogbu (2011), during the apartheid era (1948- 1994), the ruling Nationalist Party, dominated by White Afrikaners, passed miscegenation laws, institutionalised legal segregation, formalised racial categories and restrictions on movement, and embedded apartheid not only physically in the landscape. To date, South Africa is still grappling with the effects of racial segregation, depicted by the many racial incidents on social media; an example is a Facebook post on 4 January 2016 in which Penny Sparrow called Black people "monkeys" and accused them of making a mess of public beaches (Conway-Smith, 2016).

Under apartheid, Whites held political power and economic power, while other races were barred from voting. While the end of apartheid opened the door for equal opportunity for all South Africans regardless of race, today's South Africa still struggles to correct the inequalities created by decades of apartheid. Micro-finance is regarded as one of the many and crucial means aimed at correcting these inequalities. On average, children born into a Black household have less access to quality services, including basic services like water and sanitation, and generally receive inferior education than children born into a White household. Racial inequality is manifested through decreased access to social capital in Black households, especially with regard to economic issues (Findley & Ogbu, 2011)

Race remains a significant indicator of income level in South Africa. In 2014, STATSSA (Statistics South Africa) found that although Black Africans account for 79.3% of the working age population, they are under-represented among the employed (73.0%), and over-represented among the unemployed and the population that is not economically active. Furthermore, during the period, 2008–2014 the incidence of long-term unemployment was highest among Black Africans who formed the bulk of the group looking for work for one year or longer.Statistics South Africa (2016) revealed that the new generation of Black Africans, those aged between 25 and 34, are less skilled than their parents; this is an important sign of regression. In Table 1, the labour market rates by race are depicted.

Table 1: Trends in key labour market rate by race (source: Statistics South Afria, 2015, Quarter 1)

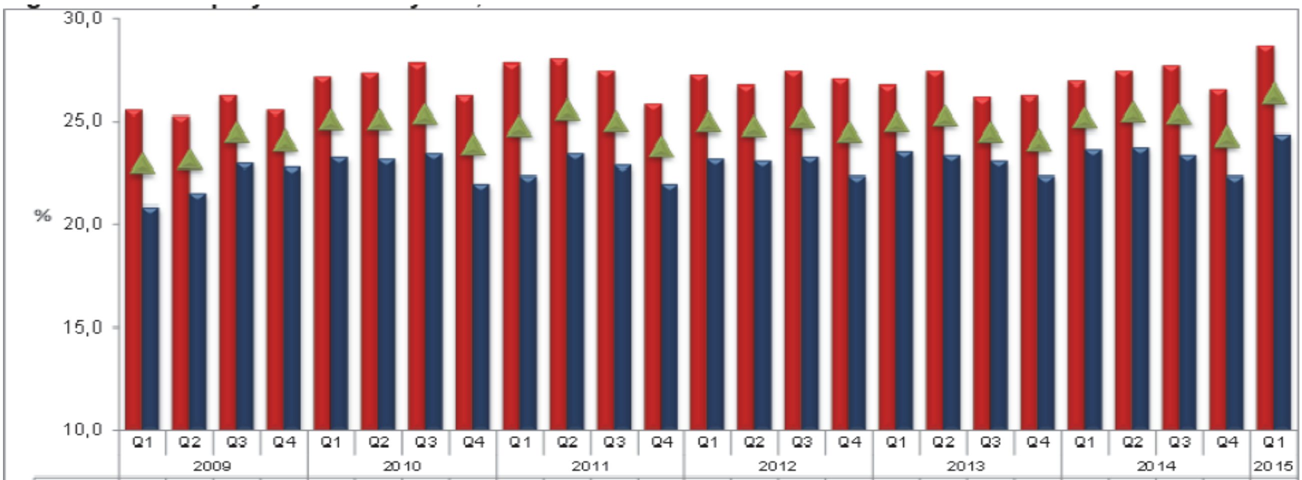
Trend in key labour market rates by population group 2008–2014

	2008	2009	2010	2011	2012	2013	2014
	Unemployment rate (%)						
Black African	26,8	28,5	29,8	28,7	28,6	27,5	28,6
Coloured	19,0	21,6	22,7	23,9	24,7	24,5	24,1
Indian/Asian	11,3	12,6	8,2	10,8	11,5	11,5	11,5
White	4,1	4,8	5,2	5,6	6,0	6,7	7,3
Total	**22,8**	**24,5**	**25,4**	**25,0**	**25,2**	**24,5**	**25,4**
	Absorption rate (%)						
Black African	41,7	38,5	37,0	38,1	39,0	39,7	39,2
Coloured	52,2	50,4	49,3	48,9	48,6	48,2	49,8
Indian/Asian	55,7	51,3	57,6	51,6	52,3	53,1	52,5
White	67,0	64,9	63,8	64,6	63,7	64,4	62,3
Total	**45,7**	**42,6**	**41,3**	**42,0**	**42,5**	**43,1**	**42,6**

In light of the skewed picture presented in Table 1 and critical theory, one is tempted to reflect and ask the question, "Is micro-finance not one of the systems that are used to maintain the distribution of power and perpetuate structural injustices"? Sandler (2007) advised that taking critical social research seriously requires the researcher to acknowledge that structural injustices are widely disseminated. In line with critical theory and based on the figures in Table1, one is more likely to be unemployed if one is a Black African in South Africa.

3.4.2 Gender domination

As mentioned in the previous chapter, the issue of gender inequality and women empowerment is central to this study in two ways. Firstly, it is an important topical issue in poverty alleviation and thus, in micro-finance debates. Secondly, it is a crucial focal point in critical theory: pervasive societal dominations and injustices continue to be perpetuated along gender lines in South Africa (STATSSA labour force survey:quarter 1, 2015). As in other parts of the world, women, in particular, are disempowered, given traditional patriarchal social structures and they form the majority of South Africans who live under the poverty line (Snodgrass, 2015). Change (2008) maintained that commercial banks often focus on men and formal businesses, neglecting the women who make up a large and growing segment of the informal economy. Encouragingly, South Africa and its agencies are making concerted efforts to reduce the gender gap. According to the World Economic Forum report (2015 - 2016), South Africa is ranked 17th out of 136 countries in terms of gender equality. Two years earlier, the KPMG South Africa (2014) report showed that although there was a gradual shift towards increased representation of women in the public sphere and a more equitable distribution of power, there were still many faces of gender inequality in South Africa. In Figure 5 the continued gender disparity in unemployment rates from 2009 to 2015 are depicted.



	2009 Q1	2009 Q2	2009 Q3	2009 Q4	2010 Q1	2010 Q2	2010 Q3	2010 Q4	2011 Q1	2011 Q2	2011 Q3	2011 Q4	2012 Q1	2012 Q2	2012 Q3	2012 Q4	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Women	25,6	25,3	26,3	25,6	27,2	27,4	27,9	26,3	27,9	28,1	27,5	25,9	27,3	26,8	27,5	27,1	26,8	27,5	26,2	26,3	27,0	27,5	27,8	26,6	28,7
Men	20,9	21,5	23,0	22,8	23,3	23,2	23,5	22,0	22,4	23,5	22,9	22,0	23,2	23,1	23,3	22,4	23,6	23,4	23,1	22,4	23,7	23,8	23,4	22,4	24,4
RSA	23,0	23,2	24,5	24,1	25,1	25,1	25,4	23,9	24,8	25,6	25,0	23,8	25,0	24,8	25,2	24,5	25,0	25,3	24,5	24,1	25,2	25,5	25,4	24,3	26,4

Figure 5: Unemployment rate by Gender: Quarter 1: 2009 to Quarter 1: 2015 (source STATSSA labour force survey:quarter 1, 2015)

Discrimination experienced by women over a lifetime leaves many of them poor and uneducated, with limited opportunities to acquire wealth or security (World Bank, 2014). Many elderly females are forced to work beyond retirement, typically in low paid, informal jobs. As extensively indicated in the literature review section, micro-finance is purported by some to help poor women acquire basic self-confidence and skills to run their businesses. Proponents of micro-finance (e.g. Bell, 2010; Change, 2008; Geetamma &Bulla, 2013) have maintained that micro-finance programmes have the potential to transform power relations and empower the poor, both men and women. Amid the different points of view on the impact of micro-finance, critical theory warrants that the researcher adopts a critical stance and contextually evaluates the benefits of micro-finance.

3.4.3 Social class

South Africa has radical income inequality with growing conflict between rural and urban areas, and the rich and the poor. The dual economy, which is a legacy of apartheid, consists of a highly modern and sophisticated financial system serving the full range of financial needs of a small group of the rich South African population, and in contrast, the micro-lending and informal sector that serves the bulk of the poor population in both urban and rural areas. Income inequality has worsened since the end of apartheid, but it has begun to deracialise somewhat. As mentioned in the previous chapter, inequality and unemployment both remain at extremely high levels by historical and international standards (World Bank, 2014).

Lack of access to financial services for a large portion of the South African population continues to impede progress and development (KPMG South Africa, 2013). May (1998) in his *Poverty and Inequality Report*, propounded that the high lack of access to physical, financial and human amenities restricts poverty-ridden people from taking part effectively in the South African economy. May further maintained that the majority of those that are poor lack even the most basic banking services. The situation has not improved drastically. As propounded in “More South Africans” (2015), there is a possibility that the poor are gaining less than the wealthy from government free basic services like free electricity, free housing, free water, free education and free sanitation because of their current inconsistent exclusion from entrée into the relevant financial services.

In the current study, it is maintained that the poor, who apply for micro-finance, occupy the lower level in society classes. In line with critical theory, the poor’s needs and desires are not heard and their voices have been silenced and marginalised over the years. They are economically excluded and have resorted to protests and violence to make their voices heard. They lack economic resources, cannot participate as equal partners with those in the upper classes and due to their poverty, are subjected to disparity of income injustices. Subsequently, they may ask for micro-finance with the hope of improving their situation and status in society. Thus, it offers them the potential for social recognition. As espoused in the previous chapter, proponents of micro-finance have argued that it helps the poor expand their economic activities and increase their income and assets, and accordingly, their self-confidence grows simultaneously. This study endeavoured to establish empirically whether micro-finance positively and significantly affects the self-esteem and self-efficacy of recipients or not.

Government and the private sector have devised an array of poverty alleviation strategies - micro-finance is one of them. So-called new critical theorists (e.g. Marsh, 2001; Wilkerson & Paris, 2001) have urged their counterparts to work towards uncovering the hidden insights into the current reality by exploring the content and consequence of power relationships under capitalism, by considering the spaces of opposition and resistance to these changes, and by articulating capitalism with other systems of power and domination; for example, race, gender and culture. In line with this thinking, the view that micro-finance providers wield power and domination over recipients who are occupying the lower economic level in the society was hereby endorsed. Due to their power, micro-finance providers may have indirectly or directly perpetuated the general belief that micro-finance is beneficial to recipients. The present study aimed to determine hidden insights into the current micro-finance reality by exploring the relationship between micro-finance provision, and the self-esteem and self-efficacy of recipients. This argument is expatiated further in the research methodology chapter that follows.

3.5 Conclusion

This chapter outlined the concept of economic psychology and how micro-finance as an economic behaviour links into this discipline. It started by defining economic psychology as an interdisciplinary enterprise drawing and feeding into its parent disciplines as well as the social sciences as a whole. The concept of decision-making was explored and it was argued that micro-finance is one of the many decisions made by individuals and families where conflict can be expected to occur, and depending on how the entire family handles the process, will ultimately affect the self-esteem of the recipient, positively or negatively. The role played by expectations in asking for micro-finance was discussed and it was maintained that expectations, when ultimately met or not met, are vital to the ultimate feeling of high or low self-esteem.

The chapter concluded with a discussion on critical theory, which is an approach chosen for this research study. Its history, the three critical theory generations, the basic tenets, the new trends and the structural injustices prevalent in the South African economy were discussed in relation to their relevance in this study. In short, it was contended that critical theory, given the length of the Frankfurt School's trajectory and given the degree to which its scope was broadened by the second and third generation, lacks any single, shared, defining methodology or concern. Yet, standing back, one can discern basic assumptions that form the fabric of this theory and for what it stands. In line with Box (2005), critical theory was hereby regarded as a multi-perspective, reflexive entity that recognizes the concrete temporal and cultural specificity of the individual consciousness. It was argued that the ultimate goal of critical theory is to bring to light societal structural injustices and to seek human emancipation, that is, to help liberate human beings from the circumstances that enslave them. In line with the liberation and action orientated critical theory goal, the study explored whether micro-finance does liberate recipients by positively or negatively affecting their self-esteem and self-efficacy.

In the next chapter, the research methodology adopted in this research study is discussed in terms of how it aligns to the basic principles of critical theory. It endeavours to address the question of which research methodology best fits critical theory and the subsequent position adopted and how the research was conducted.

CHAPTER 4

RESEARCH METHODOLOGY

4.1 Introduction

The previous chapters have focused on setting the scene with regard to the outline of this study, giving defining concepts and discussing different schools of thought on micro-finance. While Chapter One discussed the reason for and structure of the study, Chapter Two discussed the need for continual assessment of micro-finance programmes to evaluate the relevance and usefulness of services. It looked at the difficulties experienced by both micro-finance providers and the poor in South Africa, mainly due to the country's dualistic economy. In particular, the plight of the poor was discussed and it was pointed out that people living in poverty are attached a stigma and that materialism as a norm in society contributes to a cycle of poverty and low self-esteem. ChapterThree laid the necessary foundation to this chapter by discussing the theoretical paradigm and belief system that informed this study.

The aim of this chapter is to provide the methodological approach adopted in this study and to outline the research process that was followed. In agreement with Schofield Clark (2010), it is maintained that methodology and theoretical/philosophical foundations are inevitably related in any research endeavour. Furthermore, Breakwell, Smith, and Wright (2012) stated, "The research methods that you choose to use for any specific research question will depend to some extent upon your own theoretical and methodological preferences" (p. 9). Thus, it is acknowledged the chosen research method is deemed best suited to address the current research question. However, it is possible that another researcher might have employed a different research method.

The first section of this chapter is dedicated to a comprehensive discussion on the link between critical theory and the research method used in this study.

4.2 Critical theory and social research methodology

In addressing the logic of the research methodology in this study, it is prudent first to explain critical theory in relation to the position adopted. Summer (2003) argued that critical theory is inherently interdisciplinary and allows the use of various research methods and styles. Its approach to research is pluralistic and integrating in nature. As pointed out in Chapter Three, critical theorists have argued that critical theory should improve understanding of society by integrating all the major social sciences, including geography, economics, sociology, history, political science, anthropology, and psychology. Moreover, they have claimed that social inquiry ought to combine rather than separate the poles of philosophy and the social sciences. This argument was captured by Bohman (2007):

> A closer examination of paradigmatic works across the whole tradition from Marx's *Capital* (1871) to the Frankfurt School's *Studies in Authority and the Family* (1939) and Habermas' *Theory of Communicative Action* (1984) reveals neither some distinctive form of explanation nor a special methodology that provides the necessary and sufficient conditions for such inquiry. Rather, the best such works employ a variety of methods and styles of explanation and are often interdisciplinary in their mode of research (para. 49).

As seen from the preceding assertions, critical theory propounds a more practical, multidisciplinary approach without discriminating against any particular approach. This argument was given further impetus by Schofield Clark (2010) who maintained that critical theorists believe that there is no single methodology that is superior to any other methodology in every case; different research questions lend themselves to different methodologies. A quantitative research method was used as the best method to address the objectives of this study. Quantitative research is a formal, objective, systematic process in which numerical data are used mainly to gather information about the world (Burns & Grove, 2005). This research method is used to describe variables; to examine relationships among variables; and to determine cause-and-effect interactions between variables. This method would, as explained in subsequent sections, affords one with the ability to test his hypothesis and generalise findings.

The use of a quantitative approach may be questioned and argued to be incompatible with the theory adopted in this study. At first it might be questioned as symbolizing an asymmetrical relationship between researcher and participants, with the researcher extracting information and giving nothing in return (Bryman, 2012), and secondly, by adopting a hierarchical relationship between interviewer and participants and creating an impression of exploitation. According to Bryman, it was this kind of critique of structured interviewing and indeed of quantitative research in general that ushered in a period in which a great many critical and feminist social researchers found qualitative research more compatible with their goals and norms. The present research question and the context in which this study was embedded lent itself to a quantitative approach.

Quantitative research has been accepted as playing a significant role in bringing out the injustices that critical researchers are fighting against. Bryman (2012) posited that in more recent years there has been a softening of the attitudes, even amongst feminists, towards quantitative research. Several writers have acknowledged a viable and acceptable role for quantitative research, in pointing out the injustice and exploitation that occurs in society (see Jayaratne & Steward, 1991; Oackley, 1998). In fact, emphasis is not on the approach, but how it is carried out and what it seeks to achieve that makes it acceptable and useful. Besides the softening of attitudes and acceptance of quantitative research, it is now seen as shedding highly instructive and valuable information that highlights exploitation and injustices. This was succinctly pointed out by Bryman (2012) when he argued that:

> … by paying greater attention to issues like greater privacy in the interviewing and special training in sensitive interviewing, dedicated surveys in some countries have proved highly instructive about the causes and incidence of violence against women. Such research, which is based on structured interviewing, would not seem to be inconsistent with the goals of most feminist researchers and indeed may be of considerable significance for many women (p. 229).

Critical theorists, in their research endeavours and their embrace of a normative perspective, make no claims that their analyses are "objective" in the sense usually meant by logical positivists (Schofield Clark, 2010). They argue that the subjective/objective dualism masks the ways in which both positions are limited by the social forces that inform all human action and analysis. It was hereby acknowledged that objectivity does not mean that what he observes is the truth, but lies in how observations are made and reported so that others can follow. White and McBurney (2013) captured the true essence of objectivity in science when they stated:

> Objectivity in science is a concept that is often misunderstood. It does not mean that they treat people as objects rather than as persons. Nor does it mean that what they observe is necessarily what actually happened. Objectivity simply means that other people would have seen the same things had they been looking over the shoulder of the scientist who made the observations (p. 8).

Critical research methodology acknowledges subjectivism in the sense that learning and interpretations cannot be based on logic and scientific analysis only. Van Heertum (2005) contended that while critical theory affirms the notion that knowledge can never be completely separated from the researcher's own experience, it asserts that rational analysis is fundamental to human emancipation. This kind of reflexivity calls for researchers to be clear about their own biases and prejudices to be able to report those in their findings. The relevance of this argument was captured by Van Heertum (2005) when he stated:

> While I have been arguing for the limitation of objectivity as a goal of inquiry, it is absurd to argue that researchers should abandon its spirit completely. Instead, research can move to a position where balance, fairness, and reflexivity replace value-free norms. Science can then return to the study of uncertainty rather than the attempt to overcome it, and thereby, re-engage the centrality of questioning official knowledge. Researchers would be in a position

to recognize their own biases and prejudices and, to the extent practicable, communicate those to the audience (p. 14).

In conjunction with the foregoing assertion and as discussed in the section that follows, it is assumed that while adopting a quantitative research methodology, the task is to expose the hidden assumptions that guided both the respondents' statements and often, initial analyses of the data. This will afford a level of scrutiny in the analysis of the presented data. Members of the research community were consulted to verify the research process by disagreeing or offering corroboration that came from their own research experiences. This assertion is discussed further in the section on data analysis and interpretation that follows.

Critical researchers assume that the knowledge developed in their research may serve as a first step towards addressing such injustices. They advocate for research knowledge that actively brings social change (see Box, 2005; Neuman, 2014; Wilkerson &Paris, 2001). By exploring the relationship between the provision of micro-finance, and the self-esteem and self-efficacy of recipients, the study established if micro-finance really benefits the poor recipients by increasing their self-esteem. This shed light on whether or not micro-finance is used as a legitimate disguise to reproduce the structures of inequality and injustice that organize our society. Consequently, the support of a financial NGO has been enlisted in distributing and sharing knowledge gained from this study. It is hoped that the study will help inform the current discourse on whether micro-finance is beneficial or not, perhaps enabling micro-finance recipients to be more knowledgeable and thus, to articulate their rights with vigour. If necessary, change in the mind-set of micro-finance institutions could be prompted by providing them with an understanding of the psychological impact of micro-finance provision on the self-esteem of recipients. This may lead to a better engagement between providers and recipients or their representatives (be they legislators, unions etc.) and thus, an ultimate change in or improvement of the current micro-finance provision landscape.

Given the preceding argument, it is argued that critical theory advocates for a pluralistic, multi perspective research methodology (Davidson et al., 2006). It allows one to use research methodology as demanded by the context in which it is embedded. In this research study, a quantitative methodology was adopted because it afforded him the use of numbers and statistical measurements in the collection and analysis of data (Bryman & Teevan, 2005). The use of statistics was central to this research in order to determine whether there is a relationship between micro-finance and self-esteem and what the direction of the relationship is. A quantitative methodology was best suited to address the objectives of this research and to obtain an accurate prediction of the direction and strength of the relationship between micro-finance, and self-esteem and self-efficacy (Graziano & Raulin, 2010). This method was chosen because it allowed the testing of specific hypotheses by using quantifiable, reliable data that can be generalized to the population. The research design adopted for this study is explained in the section that follows.

4.3 Research strategies and research designs

In this section, the research strategy and research design adopted to answer the study's research question are discussed. The ultimate aim is to show the relevance of the research design to address ably the hypotheses. Shadish, Cook, and Campbell (2002) posited that it is neither feasible nor desirable to rule out all possible alternative interpretations of a causal relationship. Instead, only plausible alternatives constitute the major focus. This serves partly to keep the matters tractable because the number of possible alternatives is endless. Thus, it is acknowledged that the study is not perfect but fallible as it does not eliminate all threats or alternative explanations but used research methods and designs that address the threats deemed to be important in this study.

In order to study the relationship between micro-finance, self-esteem and self-efficacy as to address the impact of micro-finance on self-esteem and self-efficacy, the current research adopted two research strategies – a non-experimental strategy and a quasi-experimental strategy. The non-experimental strategy was adopted to determine if there is a relationship or correlation between micro-finance, and self-esteem and self-efficacy. The quasi-experiment was used to aid investigation to determine whether micro-finance leads to an increase in self-esteem and self-efficacy. Quasi-experimental research was relevant mainly because it was practically and ethically impossible to manipulate micro-finance and self-esteem. Thus, it would not have been possible to completely satisfy the rigorous requirements of an experiment as he could not randomly assign participants to the treatment variable nor control any of the variables. Secondly, it assisted in conducting the study in a natural settings with real micro-finance applicants, thus, increasing the external validity of the research study while keeping the internal validity as high as possible. It is with this in mind that the two research strategies were adopted. They are similar to an experiment, but fail to satisfy at least one of the requirements of a true experiment –the random assignment of participants into experimental and control groups (Gravetter & Forzano, 2012). Thus, the use of the two strategies was deemed the best way to achieve reliable and valid results in light of the two research hypotheses discussed in the paragraphs that follow.

Although non-experimental and quasi-experimental researches resemble experiments, they always contain a confounding variable or other threat to internal validity that is an integral part of the design and simply cannot be removed. According to Gravetter and Forzano (2012), in non-experimental and quasi-experimental strategies, different groups or conditions are not created by manipulating an independent variable. Instead, the groups are usually defined in terms of a specific participant characteristic, for example, male/female or in terms of time, for example, before and after treatment.

4.3.1 The non-experimental pre and post design

In this study, the non-experimental research strategy was used to determine the existence of a relationship between micro-finance, and self-esteem and self-efficacy. In particular, this strategy does not try to produce a cause-and-effect explanation (see Gravetter & Forzano, 2012) and thus, cannot explain the relationship. A measure was taken before micro-finance was given or denied (pre-test) and after micro-finance was received (post-test). The non-experimental research design best suited and used in this study is the within-subjects design, also known as pre-post design. The goal of this design is to evaluate the influence of the intervening treatment by comparing the observations made before treatment with the observations made after treatment. The pre–post design has no control group and measures scores for one group at two different times (see Gravetter & Forzano, 2012). For this purpose, scores of the group that received funding (micro-finance) – thus, the scores of those who received the treatment variable were analysed and compared pre and post treatment. Figure 6 shows the non-experimental pre-post design used.

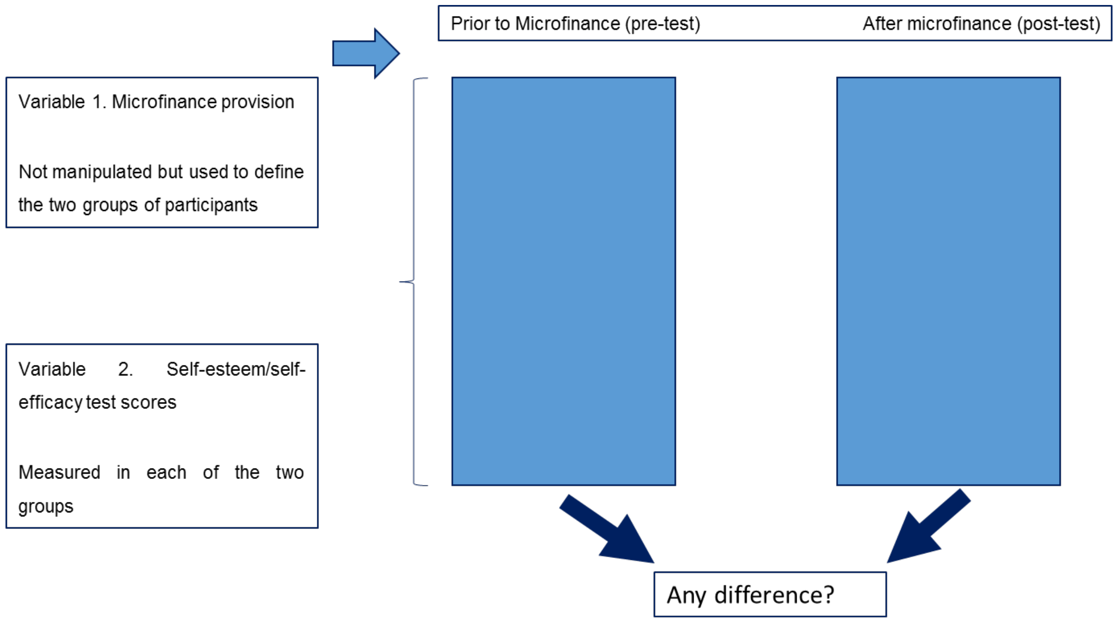


Figure 6: An illustration of the study's non-experimental pre-post design

As further explained in the validity and reliability section, the pre-post design does minimize the effect of time-related instrumentation, testing effects, maturation and statistical regression. During the time between the first observation and the last observation, any one of these factors could influence the participants and cause a change in their scores. To control and minimize the influence of these variables, to bring more rigour to the current research and to better describe the relationship, a control group added and a quasi-experimental strategy was used.

Gravetter and Forzano (2012) captured the difference between the non-experimental and quasi-experimental designs when they said, “The distinction between the two strategies is that non-experimental designs make little or no attempt to control threats to internal validity, whereas quasi-experimental designs actively attempt to limit threats to internal validity” (p. 284).

4.3.2 Quasi-experimental pre-test-post-test non-equivalent control group design

Firstly, a quasi-experimental design was adopted to study the relationship between micro-finance, self-esteem and self-efficacy because it was practically and ethically impossible to assign participants to control and experimental groups. Secondly, in this study, the quasi-experimental design was deemed to fair better than an experimental study in that it employs a means to compare groups (Heffner, 2014). Shadish et al. (2002) regarded quasi-experimental designs as experiments that have treatment, outcome measures and experimental units, but do not use random assignment to create the comparisons from which treatment-caused change is inferred. They further posited that assignment to conditions is by means of self-selection, by means of administrator selection, by which teachers, bureaucrats, legislators, therapists, physicians or others decide which persons get which treatment. In this study assignment into groups was done by administration and participation in the post-test was based on having received micro-finance or not received micro-finance. To qualify to participate in the study, a participant whose application was approved should have received the funds. If for some reason he/she did not take up the loan he/she would not have qualified to participate in the study. Most importantly, the study consisted only of participants who participated in both the pre-test and post-test interviews as it enables comparison of pre and post-test scores of the same individuals within groups.

Quasi-experimental studies tend to fall somewhere in between experimental and non-experimental strategies; they attempt to mimic the control of true experiments, which helps internal validity, and tend to take place in applied, real-world situations, which helps external validity (Gravetter & Forzano, 2012). There are many varieties of quasi-experimental research designs; the one used in this study is a non-equivalent group type also known as the between-subjects design. They defined a non-equivalent group design as a research study in which the different groups of participants are formed under circumstances that do not permit the researcher to control the assignment of individuals to groups and thus the groups of participants are regarded as non-equivalent. Individuals who participated in this study are referred to as participants and not subjects mainly for two reasons. First, Gravetter and Forzano (2012) advised that “the individuals who take part in research studies are called participants if they are human, and subjects if they are nonhuman” (p. 33). This was further supported by White and McBurney (2013) who maintained that objectivity in science does not mean that people are now treated as objects rather than as persons. Figure 7 is a diagrammatical representation of the pre-test, post-test non-equivalent control group design.

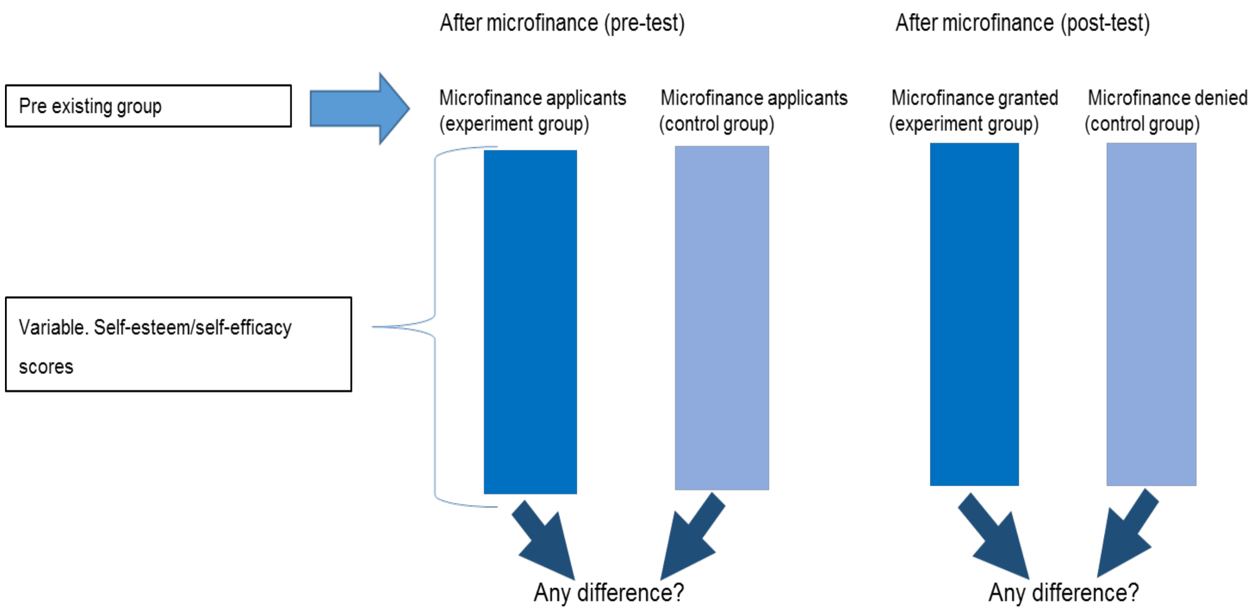


Figure 7: An illustration of the pre-test post=test non-equivalent control group design

This design affords the researcher the use of a control group. The control group brings more rigour and helps to account for extraneous factors in particular maturation, history, statistical regression and instrumentation (Gravetter & Forzano, 2012). All the participants were selected from individuals that had applied for micro-finance from AMEF: At the time of the study, it took a minimum of one week for AMEF to process the loan application and to give feedback to individuals in terms of whether loans were declined or approved. The entire process, including loan disbursal, took approximately two weeks. Individuals who received micro-finance (receipt of funds) formed the experimental group and those who did not receive micro-finance formed the control group. The control group was similar to the experimental group in terms of gender, age, language, household income and race, but consisted of individuals who did not receive micro-finance. Thus, for the purpose of this study provision of micro-finance is the independent variable that is categorised into two treatments, one being loan received (micro-finance) and the other being loan (micro-finance) denied. Thus, the groups were differentiated on the basis of having received micro-finance or not having received micro-finance and the dependent variables (self-esteem and self-efficacy) were measured to obtain the scores within each group.

To approve or decline a micro-finance request, AMEF used a credit scoring system. Van Gool, Verbeke, Sercu, and Baesens (2012) posited that a credit scoring analyses historical client data to derive a model to link repayment behaviour with characteristics of the loan, the lender and the borrower. Thus, it uses the characteristics and performance of past loans to predict the performance of future loans. AMEF used both the application and behaviour scorecards. According to Kuhn and Olsen (2008), an application scorecard predicts the probability of first time loan applicants defaulting at a future point based on demographic, business and financial data, loan characteristics, and credit bureau data. It isolates characteristics that are statistically predicative of default based on the organization's recent experience and uses those variables to predict the risk of new loan applicants. They describe behaviour scorecardas predicting the probability of an existing account going bad at a future point in time based on repayment information. Although the present researcher worked for another division (customer segments) in ABSA, he was not involved with micro-finance and had no say in the process used by AMEF to accept or decline applications. The process was done by AMEF representatives who did not know about this study and had no dealings with the present researcher. The representatives conducted the application process according to the prescriptions and guidelines of the scorecard. This represented non-probability sampling, which according to Daniel (2012) is a procedure that does not give every element in the target population a known and non-zero chance of being selected, or in this instance, of being micro-financed.

As explained in the section on data collection, pre-tests and post-tests were carried out on both groups. This is a much stronger version of the non-equivalent control group design, often called a pre-test–post-test non-equivalent control group design, where typically responses of an existing treatment group and a comparison group are measured before and after the treatment (Trochim, 2006). The addition of the pre-test measurement allows researchers to address the problem of assignment bias that exists with all non-equivalent group research. Specifically, the researcher can now compare the observations before treatment to establish whether the two different groups really shared similar characteristics. If the groups are found to be similar before treatment, the researcher has evidence that the participants in one group are not substantially different from the participants in another group, and the threat of assignment bias is reduced.

It is important to reiterate the reason for adopting these two designs and their relevance in this study. The non-experimental pre-post design was first adopted to determine the influence of the independent variable on the dependent variables, and used one group. It enables us to compare the pre-test and post-test scores of the same group to simply describe the relationship between the studied variables. The pre-test–post-test non-equivalent between group design was used to bring vigour to the study, control and minimize the influence of extraneous variables, for example, maturation, and to enable comparison between the treatment group and the control group. This type of design also allows a researcher to compare the pre-test scores and post-test scores for both groups to help determine reasonably whether the treatment factor is responsible for changes. The pre-test-post-test aided in comparing differences between the two non-equivalent groups and to establish the pattern and direction of change (Graziano & Raulin, 2010). The importance of using these two research strategies and their relevance in this study was captured by Gravetter and Forzano (2012) as follows:

> The fact that quasi-experimental and non-experimental studies are not true experiments does not mean that they are useless or even second-class research studies. Both of these research strategies serve a real purpose and are the only option available for certain questions (p. 284).

The section that follows discusses the sampling procedures followed in this study. As explained, two sampling techniques were employed because of the nature of the study, the target population and to enhance or strengthen the quality of this study.

4.4 Sampling

The study targeted individuals aged between 20 years and 70 years who applied for a micro-finance loan from AMEF. During sampling it become clear that the study was faced with, not only ethical challenges, but some practical obstacles that had to be surmounted. Due to the economic downturn and legal restrictions, many applications for micro-finance were being turned down and consequently, fewer people qualified during the time of the research. As a result, some of the AMEF centres in some provinces, in particular Eastern Cape, Mpumalanga and Limpopo, were closed. Subsequently, interviews were necessarily confined to three provinces namely North West, Gauteng and Kwazulu Natal. As well as the high number of declined applicants, it was difficult to secure post-test interviews as some of the participants dropped out of the study due to various reasons. Many were untraceable, due to changed contact numbers; some calls would not go through while others were simply unanswered. Some participants, especially from the declined group, lost interest in continuing with the study and declined post-test interviews. This was further exacerbated by the scattered spatial distribution of micro-finance applicants, which played a role in determining the sample size, achieved (see Daniel, 2012). To minimize the time and costs of the study and maximize the success rate in this study, two ways of recruiting participants for the study were used.

The one method was probability sampling - recruiting from a sample frame (systematic sampling) and the other method was non-probability sampling - convenience sampling at the AMEF centres. As explained before, due to practical and ethical reasons, the researcher could not randomly assign participants to the experiment and control groups. Thus, the researcher had to rely on participant's natural behaviour of applying for micro-finance and AMEF procedures of approving or disapproving loans. AMEF provided a list of 600 names compiled by recording all participants that applied during a certain period. By using probability sampling to choose participants from the list provided, randomisation could be applied to ensure that every participant stood a chance of being chosen for the study. This ensured that selection bias was minimized and safeguard that the sample was representative of the provided sampling frame. The non-probability sampling technique enabled the researcher to clear some of the obstacles such as the time, costs of the study and the participants' reluctance to be interviewed about their finances, thus, maximizing the participation rate and thereby increasing the sample size. Daniel (2012) maintained that taking ethical considerations into consideration, "one should choose the smallest sample necessary to satisfy the objectives of the study" (p.239).

According to Kumar (2013), probability sampling involves the selection of a sample from a population, based on the principle of randomization or chance. Probability sampling is more complex, more time-consuming and usually more costly than non-probability sampling. As observed by Daniel (2012), the sampling method chosen depends on a number of factors such as the available sampling frame, how spread out the population is, how costly it is to survey members of the population and how users will analyse the data. There are several different ways in which a probability sample can be selected; systematic random sampling (also known as interval sampling) was adopted due to the availability of a sampling frame. Neuman (2007) referred to systemic sampling as a simple random probability sampling with a short cut for random selection. It is a statistical method involving the selection of elements from an ordered sampling frame where every kth element in the list is chosen (systematically) for inclusion in the sample (see Rubin & Babbie, 2014).

In this study, the equal-probability method, which is the most common form of systematic sampling whereby progression through the list is treated circularly, with a return to the top once the end of the list is passed, was used (Keyton, 2006). Daniel (2012) advised that if probability sampling is used, one should consider statistical formulas to determine the sample size. In line with his advice, using the following sample size calculation formula: $ss = [(z^2(p)(1-p)]/c^2$ where z value = 1.96 for 95% confidence level, p = .5 and c = .06 the resultant calculated sample size was 185 (ss = 185). Based on this sample size and the provided sample frame of 600 applicants, it was estimated that 200 applicants would agree to participate in the interviews. He started by numbering each recipient in the sample frame from 1 to 600 in the same way they appeared on the list. The sampling interval or *k*th number was then determined by dividing the number of participants in the sample frame by the required sample size: 600/200 = 3. Rubin and Babbie (2014) advised that when using this method, one should guard against possible human bias by selecting the first element at random. The next step was to randomly select a starting point between 1 and the *k*th number (number 3). The starting point (number 2) was randomly chosen using the researcher's judgment since only one number (number 2) is the only number available between 1 and 3. Thereafter, the next client was selected by adding the sampling rate (3) to the previously recorded number. Thus, if 2 is the starting record, then the next client selected was 2 + 3 (5). This process was continued until the end of the sampling frame.

The second sampling method was convenience sampling, which is a non-probability method whereby a sample is obtained by selecting individual participants who are easy to get (see Gravetter & Forzano, 2012). In this study, participants who applied for micro-finance were approached in bank branches (intercepted) immediately after applying for a micro loan and recruited. Immediate interviews were conducted or an appointment made to interview them at a place and time most convenient to them. Those who chose to be interviewed at a later stage were asked for contact details so that they could be contacted before the actual chosen interview day. Given that only a few people (less than 30 in AMEF branches) applied for micro-finance on a day, all efforts were made to intercept everyone who applied in the visited branches.

The use of these two recruiting methods assisted in increasing the sample size given the constraints that had to be overcome in this study. Due to the use of two different research strategies, the quality of the study was enhanced given the practical and ethical considerations highlighted in the preceding section. Participants sourced from the AMEF list and those intercepted at the branches were grouped into one list of pre-test participants. After a period of three months, post-test interviews were conducted with participants sourced from the pre-tests list. All efforts were made to contact everyone of the participants on the pre-test list. It is with the importance of maintaining high research standards in mind that specific data collection and analysis techniques were adopted in this study. In the next section, the data collection procedures, data instruments used and data analysis techniques are explained.

4.5 Data collection procedures

In choosing the data collection method, the sensitivity of the study was first considered as participants were required to reveal personal information after they had just applied for finance and asked questions probing their current feelings. Secondly, participants were from poor backgrounds and lacked access to resources such as the internet and email, and also had a low literacy level. After consideration of these facts, the data collection process was conducted on a one-on-one basis in the form of structured face-to-face interviews or telephonic interviews in which the interviewer could explain each question asked on the questionnaire if possible. This was to ensure that every participant understood each question on the scale and to increase the participation rate. Structured questionnaires (see appendix C), which took the form of self-esteem and self-efficacy measurement scales were used. As explained in section on validity and reliability, the use of structured questionnaires assisted in reducing interviewer bias.

Interviews allow researchers to gather information from individuals who are unable to read and answer printed questions such as young children, people who cannot read and people with low IQs (see Gravetter & Forzano, 2012). Rubin and Babbie (2013) pointed to another important advantage of interviews relevant to this study, by maintaining that "the interviewer can also ensure that the respondent does not skip any item" (p. 214). Furthermore, to guarantee that participants understood the items on the measurement scales, questions were translated into four main vernacular languages: Zulu, Tswana, Northern Sotho and Xhosa in accordance with the languages spoken by the majority of the people in the provinces used in the study. The questionnaire was administered according to the language of choice as indicated by the participant. The questionnaire was scripted and piloted on CAPI (Computer Aided Personal Interviewing) to ensure that questions were properly routed and that questions were not skipped.

Eight interviewers were selected on the basis of experience and ability to speak in English and one of the four other languages into which the questionnaire was translated. Only those with two or more years' experience in the field were included on the interviewer panel. Bryman (2012) advised that if two or more interviewers are involved, they need to be fully trained to know what is required of them and to know their way around the interview schedule. The interviewers were thoroughly briefed and were taken through each question on the questionnaires before they were deployed into the field. Emphasis was placed on the importance of introducing themselves, giving their names and contact details and mentioning the fact that they come from an independent research company, not connected to the AMEF.

As part of their introduction, interviewers mentioned that the research was for academic purposes and would not disadvantage the participant in any other way in their current or future endeavours. This was done to reassure the participants that they would not be identified in any way, as analysis and reporting would be done in an aggregated manner (see Bryman, 2012). Most importantly, the interviewers informed the participants of their voluntary participation and sought informed consent. They were trained on the importance of asking questions as they appear, in the order they appear, and refraining from giving extra information when it is not required. Bryman (2012) emphasised the importance of asking questions as they appear by maintaining that "…the general admonition to keep to the wording of the question needs to be constantly reinforced when interviewers are being trained" (p. 219).

After being briefed, interviewers were required to conduct pilot interviews under supervision to ensure that they were familiar with the questions in the two measurement scales. The pilot study was conducted with 10 participants who applied for micro-finance, but were excluded in the actual study. Breakwell et al. (2012) posited that a trial of the way the study is designed and is being executed, and the information collected, should not be included in the data collected from the main study. Thus, the pilot study was used as a preparatory exercise for the interviewers so as to understand the flow of the questions and obstacles that may be encountered while using the research instrument (see Breakwell et al., 2012). The answers were recorded and captured on CAPI and the collected information checked to ensure questions were properly routed and answered. To minimize the time and travelling costs in this study and increase the chances of interviews in this study, telephonic interviews were also used as the relevant data collection procedures. The data collection methods are described in the sections that follow.

4.5.1 Face-to-face interviews

Face-to-face interviews were conducted with applicants immediately after applying for a loan; an appointment was made to interview them in their homes or places convenient to them. This process was conducted on a one-on-one basis in the form of a structured interview in which the interviewer could ask and explain each question to the participants if necessary. As explained in the preceding paragraph, this was done in consideration of the sensitivity of the study (participants who had just applied for financial assistance) and the low literacy levels of participants. This not only assisted in ensuring that participants understood questions on the scale, but also increased the participation rate (see Gravetter & Forzano 2012). The second (post-test) face-to-face interviews were conducted three months later, after the participants have been given feedback on their application and had used their micro-finance.

4.5.2 Telephonic interviews

Participants who preferred not to be interviewed immediately after applying in the AMEF offices were asked if they could be contacted telephonically at a later stage within the same week. Those who agreed were contacted telephonically and telephonic interviews were conducted with them. Telephonic interviews were adopted primarily because they enabled interviews to be conducted without having to travel to the participant's home and because it afforded a cheaper way of reaching participants for the post-test interviews. Given that the interview was relatively brief, it enabled interviewers to contact a large number of participants in only a few days (see Gravetter & Forzano, 2012). The use of telephonic interviews in this study as the second technique is further discussed in the section on validity and reliability.

4.6. Measuring instruments

The discussion that follows is on the two instruments or scales used to measure self-esteem and self-efficacy. The psychometric properties (validity and reliability) of these instruments are provided. The way in which the instruments performed in the current study was discussed in Chapter Five. Rubin and Babbie (2013) contended that some variables are too complex or multifaceted to be measured with just one item on a questionnaire and thus, need cumulative measures (scales) to measure them. As discussed in Chapter Two, self-esteem and self-efficacy are complex concepts to define and thus, a standardised scale is appropriate to measure them. In line with Rubin and Babbie, scales are used as they allow researchers to represent complex variables with scores that provide greater potential for variance than would a single item.

4.6.1 Rosenberg's self-esteem scale

In Chapter Two, it was indicated that to measure self-esteem the Rosenberg's (1965) 10-item general measure of self-esteem scale was used. The Rosenberg self-esteem scale that was developed by sociologist, Dr. Morris Rosenberg is a self-esteem measure widely used in social-science research. It is a brief and one-dimensional measure of global self-esteem. It is essentially a simple structured questionnaire consisting of a 10 item scale with items answered on a four-point scale from strongly agree to strongly disagree. Five of the items have positively worded statements and five have negatively worded ones. The scale measures stated self-esteem by asking the respondents to reflect on their current feelings. The total score of the scale ranges from 0-30. Scores between 15 and 25 are within normal range; scores under 15 suggest low self-esteem.

The Rosenberg self-esteem scale measure was chosen because it has been used and continues to be used among various populations and is widely accepted as having good psychometric properties (Ethier et al., 2006; Niemz, Griffiths, & Banyard, 2005). It has been tested across a large number of different sample groups (Neil, 2007). Extensive and acceptable reliability (internal consistency and test-retest) and validity (convergent and discriminant) with a high alpha coefficient (0.82) (Blascovich & Tomaka, 1991) have been established. It has been the most widely used in self-esteem research during the past 30 years and it has achieved a rating of 8.5/10 in psycho-social intervention programme evaluation (Neil, 2007). The items are face valid, and the scale is short and easy and fast to administer. The scale has been validated for use with both male and female adolescent, adult and elderly populations. Foxcroft and Roodt (2005) emphasized that according to law, psychological assessment in South Africa needs to be used in a fair and unbiased way for people from all cultural groups. The obtained data was used data to check and confirm the reliability and validity of the Rosenberg self-esteem scale in this study's context.

4.6.2 GSE Scale

As discussed in Chapter Two self-efficacy is an important element of self-esteem and so the researcher used the GSE scale to determine if there is correlation between self-efficacy and micro-finance. The GSE scale is a 10-item psychometric scale that is designed to assess optimistic self-beliefs to cope with a variety of difficult demands in life. The scale was developed originally in Germany by Matthias Jerusalem and Ralf Schwarzer in 1981 and has been used in many studies with hundreds of thousands of participants (Schwarzer, 2009). The GSE has been successfully adapted for use across cultures with language-specific adaptations that were examined in 14 cultures from all over the world (Schwarzer, 1993).

The psychometric properties of the GSE have been tested in numerous research projects (e.g. Schwarzer & Scholz, 2000; Sukmak, Sirisoonthon, & Meena, 2002) where it typically yielded internal consistencies between alpha = .75 and .91. The scale is not only reliable, it has also proven valid in terms of convergent and discriminant validity; for example, it correlates positively with self-esteem and optimism, and negatively with anxiety, depression and physical symptoms (Schwarzer & Scholz, 2000). In their study aimed at examining and verifying the psychometric properties of the GSE scale applied to Thai clients, Sukmak et al. (2002) performed principal components and confirmatory factor analyses to test the construct validity of the scale. The results showed that the Thai version of the GSE scale has satisfied validity and reliability. The data gathered was used to determine the reliability and validity of the GSE scale in this study's context. To this extent, the Rosenberg self-esteem scale was used simultaneously with the GSE scale.

In conclusion, it is important to note that the two scales can be used without any explicit permission and are easily accessible. They can be downloaded as pdf documents on the internet. Albeit this, the study scales were used in accordance with the law and guidelines prescribed by APA. Having discussed the measurement scales, the section to follow presents a discussion on the research hypothesis.

4.7 Hypotheses

It is crucial at this stage to state the research topic and research questions of this study again as they form a crucial basis for the hypotheses discussed here. In Chapter Two it was stated that the study explored the relationship between micro-finance and the self-esteem of the poor and underbanked in South Africa. It intended to shed light on the relationship existing between micro-finance and self-esteem, with particular emphasis on the psychological factors that affect the self-esteem of South African poor people. This topic was borne from the many but contradictory research findings on the merits and demerits of micro-finance throughout the world (see Chapter Two). Many of these findings are based mainly on the recipients' material gains, but few on the psychological effects. Thus, this study endeavoured to answer the questions: Firstly, what is the relationship between micro-finance provision and the self-esteem and self-efficacy of poor recipients in South Africa? Secondly, does micro-finance lead to an increase in self-esteem and self-efficacy?

In the light of these questions, the relationship was described in terms of its direction, form and strength. The direction of the relationship explains whether the studied variables (micro-finance and self-esteem and self-efficacy) relate in a positive (+) or negative (-) way. According to Gravetter and Forzano (2012), the form of a relationship talks to the pattern (linear or nonlinear) assumed by the obtained data, whether a consistent and predictable relationship exists between the two variables. The strength of a relationship denotes the degree of consistency between the variables. These three concepts are important in measuring and testing the hypothesis that was developed for this study and is further discussed in the section on data analysis.

According to Trochim (2006), a hypothesis is a specific statement of prediction describing in concrete (rather than theoretical) terms what the researcher expects to happen in a particular study. It is an assumption about a population parameter, which may or may not be true. One can distinguish a hypothesis in terms of whether it predicts a direction or not. A one-tailed hypothesis predicts direction of the relationship between variables whereas a two-tailed hypothesis does not predict the direction of the relationship.

The null hypothesis proposes that no statistical significance exists in a set of given observations. It attempts to show that no variation exists between variables or that a single variable is no different than zero (McCluskeyd & Lalkhen, 2007). It is important to understand that the null hypothesis cannot be proven true; it can only be proven false (Huck, 2011). The collected data can only be used to reject a null hypothesis or fail to reject it. The alternative hypothesis as shown in the paragraph that follows, asserts a particular relationship between the phenomena.

Null hypotheses (H_o)

1. There is no relationship between receiving micro-finance and the recipients' self-esteem and/or self-efficacy.

2. Micro-finance does not lead to increased self-esteem and/or self-efficacy of poor recipients

Alternative hypotheses (H_1)

1. There is a relationship between receiving micro-finance and the recipients' self-esteem and/or self-efficacy.

2. Micro-finance leads to increased self-esteem and/or self-efficacy of poor recipients.

4.8 Data analysis and interpretation

The Rosenberg self-esteem and GSE scales make use of a Likert scale, answers to questions are scored and grouped into an individual's total score. The total score for each participant was entered into The Statistical Package for the Social Sciences (SPSS) version 19.0 which was used to analyse and interpret the data. The demographic data was also captured in SPSS. In accordance with Sebstad (1998), the final choice of statistical techniques was guided by the data available; the form of the variables and whether they met normal distribution assumptions.

4.8.1 Statistics used to check the data's normal distribution

The normal distribution has an important use in the statistical theory of drawing conclusions from sample data about the populations from which the samples are drawn and in statistical process control (Antonius, 2004). It is considered the most prominent probability distribution in statistics and it approximates many natural phenomena (Martin & Bridgmon, 2012). Given that the study used a sample that is supposed to represent a population of micro-finance applicants and that it used statistical tests that work with means, for example, t-tests, it is crucial to verify if the data fitted the normal distribution. As further discussed in Chapter Five, to confirm normality of the data collected on both the Rosenberg's self-esteem scale and GSE scale, it was checked if the data fulfilled characteristics of the 3-sigma rule and if the data assumed a bell shape with scores concentrated in the middle of the graph.

4.8.2 Statistics used to investigate the data's psychometric properties

The psychometric properties of the data collected on both the scales were analysed and checked for validity and reliability. In order to do so, the Cronbach alpha (denoted by α) statistical test was adopted. Santos (1999) described the Cronbach alpha as an index of reliability that is associated with the variation accounted for by the true score of the underlying construct. The Cronbach alpha coefficient ranges in value from 0 to 1 and may be used to describe the reliability of factors. Tavakol and Dennick (2011) posited that there are different reports about the acceptable values of alpha, ranging from .7 to .9. Generally, a Cronbach alpha score of .7 is regarded as an acceptable reliability coefficient (see Gliem & Gliem, 2003; Santos, 1999).

The psychometric properties of the collected data were examined further and verified by performing principal components and confirmatory factor analyses. Factor analysis is an interdependence technique whose primary purpose is to define the underlying structure among the variables in the analysis (Hair, Black, Babin, Anderson, & Tatham, 2010). According to Lu (2006), factor analysis and its extensions are widely used in the social and behavioural sciences, and can be considered useful tools for exploration and model fitting in multivariate analysis. Chumney (2012) defined principal components analysis (PCA) as a method for explaining the maximum amount of variance among a set of items by creating linear functions of those items for the purpose of identifying the smallest number of linear functions necessary to explain the total variance observed for the item set in the correlation matrix. It identifies the smallest number of factors or components necessary to explain as much or all of the variance as possible. In this context, a factor or component is a set of variables that, when combined in a linear fashion, explains some portion of the observed variance (Mulaik, 1990).

In PCA, each component is called an eigenvector; the portion of the total variance explained by each eigenvector is its eigenvalue (see Chumney, 2012). Confirmatory factor analysis (CFA) is a statistical method appropriate for testing whether a theoretical model of relationships is consistent with a given set of data (Brown, 2006). CFA is grounded in the common factor model and assumes the relationships observed between variables exist because they are influenced by the same underlying construct (Chumney, 2012). It enables the testing of hypotheses related to the consistency of relationships across groups and allows for an empirical, statistical evaluation of model fit to the data. According to Statsoftsa (2014), CFA allows researchers to test specific hypotheses about the factor structure for a set of variables in one or several samples (e.g. you can compare factor structures across samples).Lu (2006) further posited that it is useful to test for construct validity as it is essential when conducting an inferential study about unseen character or attitudes.Factor analysis was used to test the construct validity of this scale as applied in this study in the South African context. The results are discussed in the next chapter.

In this study, attrition was analysed using the chi-square analysis to determine its impact on the achieved results. It was crucial to first establish if there was any relationship between the study‘s dependent variables and the independent variable before any detailed investigation could be done on the variables. For this purpose, the Pearson product correlation coefficient was then adopted, not only to determine whether there was any relationship between micro-finance, and self-esteem and self-efficacy, but also to describe the nature of the existing relationship. Demographic variables were analysed using an analysis of variance (ANOVA) to identify those variables that may be covariates in the study and needed to be included in a multivariate analysis as covariates. Multivariate analysis of covariance (MANCOVA) and post hoc testing were carried out to investigate the impact of micro-finance and identified covariates on self-esteem and self-efficacy. The section that follows gives an overview of the statistical tests used in the study.

4.8.3 Statistics used to determine the effects of attrition in the study

It has been mentioned in the section on the description of the demographic sample that given the three months lapse between the pre-test and post-test measure, it was anticipated that some of the participants who took part in the pre-test might not be available for the post-test interviews. Thus, attrition was expected to occur; more attrition was found in the group that was declined funds than the group that received funds. As such, attrition needed to be taken into account. Shadish et al. (2002) stated that the goal of all attrition analysis is to understand how it threatens the validity of a conclusion about treatment effectiveness. In order to ascertain whether there was a significant difference between the two groups due to attrition, they were compared on the demographic variables using a chi-square analysis and a t-test for the dependent variables.

4.8.3.1 Usig the chi-square to investigate the effects if attrition

The chi-squared test of independence (denoted by χ^2), is used to determine if there is a significant relationship between two nominal or categorical variables (Howell, 2013). It is used primarily as a test of independence between two variables. In the chi-squared test, the frequency of one nominal variable is compared with different values of the second nominal variable. The null hypothesis generates expected frequencies against which observed frequencies are tested. If the observed frequencies are similar to the expected frequencies, then the value of χ^2 is small and the null hypothesis is retained. If χ^2 is larger, then the null hypothesis is rejected as there is a significant difference between the two groups.

To test for the effect of attrition in the current study, the chi-squared test was constructed through sample variance and was used to determine whether there is a significant difference between the expected frequencies for each demographic variable and the observed frequencies on the dependent variables. It helped answer if the number of individuals or objects that fall in each category differ significantly from the number expected if attrition did not occur.

To determine whether the chi-square results were significant or not, the p-value associated with the obtained χ^2 value was computed from SPSS and a significance test was determined by comparing the p-value to the set level of significance (denoted as α or alpha). A significance level of .05 is recommended (Howell, 2013) and was used in this study. A p-value less than or equal to .05 ($p \leq .05$) is considered statistically significant to reject the null hypothesis while a p-value greater than .05 ($p > .05$) is considered non-significant and the null hypothesis is accepted (du Prel, Hommel, Röhrig, & Blettner, 2009). The section that follows discusses the t-test was used to investigate the effects of attrition.

4.8.3.2 Usig the t-test to investigate the effects if attrition

The t-test for the independent groups was used to determine if attrition affected the mean difference of the two groups on the dependent variables. According to Abbott and MacKinney (2013), a t-test can tell us the probability that the results of our analysis on the sample are representative of the population that the sample represents. According to Trochim (2006), a t-test is a statistical test used to find the difference between the means of either a sample and a population, two different sample groups, two matched samples or the same sample at two different points in time. The scores from the two groups (pre-test and post-test) were computed and their means compared using a one-tailed t-test. In research, the starting point is the assumption that the two group means are similar, but are observed to determine whether they are still equal after the treatment or if the group means are different when compared under different conditions of the research variable (Abbott & McKinney, 2013).

In order to determine if the obtained t-test value was significant or not, so as to accept or reject the null hypothesis, a test of significance was carried out. The test of significance tells us the probability that the results of the analysis could have occurred by chance when there is no relationship at all between the variables in the population studied. The significance test was determined by comparing the p-value to the set level of significance (.05).

Although the t-test is able to show if there is a difference or no difference between the means of two groups on the dependant variable, it, however, cannot account for external confounding variables. It was deemed not robust enough to reach convincing conclusions about the impact of micro-finance on self-esteem and self-efficacy. First, it did not account for the two most important confounding variables - history and maturation that were envisaged in this study. As explained in the research strategy and design section, the use of the control group and pre-post-test was to cater partially for these confounding variables. The two groups came from the same target population and were exposed to the same extraneous variables and thus, equally influenced by these variables. Given the results of the study and further explained in Chapter Five, it can be safely concluded that history and maturation were partially accounted for in this study.

Secondly, it is possible that people sharing a common characteristic may select to ask for micro-finance, a phenomenon that is known as self-selection bias or assignment bias. The problem of self-selection bias is elaborated by using a modified example from Li and Hitt (2008). Let us suppose it is observed from data that women who asked for micro-finance do indeed have greater self-esteem or self-efficacy compared to those in the control group, after adjusting for the effects of other variables such as education, occupation and land ownership, etc. - can it be concluded that project participation led to greater bargaining power? Not necessarily, because it is quite possible that the women who asked for a loan from AMEF also enjoyed greater bargaining power within the household to begin with. In other words, women with greater bargaining power may have self-selected themselves as members of the micro-finance portfolio. Morduch and Haley (2002) alluded to this by maintaining that micro-finance is not for everyone. Most importantly, entrepreneurial skills and ability are necessary to run a successful microenterprise and not all potential customers are equally able to take on debt. This is a distinct possibility in the prevailing cultural conditions in rural areas of South Africa where women's involvement in activities outside home is still frowned upon. It is very likely that in this cultural climate only those with greater initial bargaining power will come forward to borrow funds because they are the ones who have the required autonomy and self-confidence to defy the cultural norms (Li & Hitt, 2008). Karnani (2011) emphasised by contending that micro-finance borrowers are more likely to have more drive, ambition, skill and entrepreneurial abilities than non-borrowers.

The argument presented in the preceding paragraph is further pronounced if one considers that in a non-equivalent groups design, there is no random assignment into control and treatment group, hence, there is no assurance of equivalence between the groups. In their seminal research work on the impact of micro-finance, Banerjee, Duflo, Glennerster and Kinnan (2013) conducted the first randomised evaluation of a group lending microcredit programme in Hyderabad, India; it is the longest running evaluation of the standard group-lending loan product and has made micro-finance known worldwide. They highlighted the self-selection bias by contending that micro-finance clients are self-selected and therefore, not comparable to non-clients. They argued that difference-in-difference estimates can control for mixed differences between clients and non-clients, but it is likely that those who choose to join MFIs would be on different trajectories even in the absence of micro-finance. This invalidates comparisons over time between clients and non-clients. Banerjee et al.'s (2013) findings are used in the last chapter to discuss and contextualise the results of this study.

To address or rather, minimize the effects of lack of random assignment in this study, the researcher included only those who applied for micro-finance. Thus, they all intended to be clients and only after they received or denied funds, were they grouped into experiment and control groups. Secondly, to further minimize the effects of lack of random assignment in this study, the pre-test and post-test measure were added. According to Gravetter and Forzano (2012), "the addition of the pre-test measurement allows researchers to address the problem of assignment bias that exists with all non-equivalent group research" (p. 291). In this study, observations before treatment were compared to establish whether the two groups were similar. Participants came from the same population and shared the same population characteristics prior to and after application for micro-finance. Given this, it is thus reasonable to believe that the two group means were similar at the beginning during the pre-test. Abbott and McKinney (2013) emphasised this point by contending that in research we start with the assumption that the two group means are similar, but we observe whether the two sample means are still equal after the treatment. Individuals were assigned into the two groups independently of each other, thus, the procedure used by AMEF to approve or decline applicants had nothing to do with choosing (declining or approving) subjects for the other group. It is important to mention that the two groups went back to the same environment and were exposed to the same conditions. The threat of many extraneous variables such as maturation was partially countered on the basis that the two groups differed only on the treatment variable, which was micro-finance receipt or non-receipt thereof. In light of the mentioned extraneous variables, a more robust measurement technique was adopted.

Having established the effect of attrition, it was important to then examine the correlation between micro-finance and the two dependent variables before multivariate analysis could be done. In the section below, the correlation coefficient used to explore this relationship is discussed.

4.8.4 Statistics used to investigate the correlation between micro-finance, self-esteem and self-efficacy

This study is about the investigation of the relationship and impact of micro-finance on self-esteem and self-efficacy. As mentioned in previous chapters, micro-finance (provision of a small loan on a short-term basis) is the independent variable while self-esteem and self-efficacy are the dependent variables. Micro-finance is a bivariate or dichotomous variable categorized into two, loan received and loan denied, while self-esteem and self-efficacy are continuous variables measured on interval scales. Howell (2013) maintained that in a study where there is a dichotomous variable and continuous variables, the Point-biserial correlation coefficient (denoted as rpb) is used as a measure of correlation. It is a correlation measure of the strength of association of two variables in a single measure ranging from -1 to +1, where -1 indicates a perfect negative association, +1 indicates a perfect positive association and 0 indicates no association at all. The Point-biserial correlation is not the easiest to calculate and not widely used in practice. Howell further maintained that the Point-biserial correlation is mathematically equivalent to the Pearson product-moment correlation coefficient (typically denoted by r), that is, if we have one continuously measured variable X and a dichotomous variable Y, then $r_{XY} = r_{pb}$. Tabachnick and Fidell (2014) posited that the Pearson product-moment correlation coefficient "is independent of scale of measurement (because both X and Y scores are converted to standard scores) and independent of sample size (because of division by N)" (p. 88). Given these reasons, the Pearson product-moment correlation coefficient was deemed as the best statistical technique to investigate the relationship or correlation between micro-finance, and self-esteem and self-efficacy and showed the answer as r_{XY} instead of r_{pb}. The researcher was aware that by simply observing that a relationship exists will not explain the relationship and certainly not identify the direction of the relationship (see Bryman, 2012; Gravetter & Forzano, 2012). The Pearson product-moment correlation coefficient was used as a measure of the strength of linear dependence and direction between two variables, giving a value somewhere between +1 and -1.

In order to determine if the relationship found is significant or not, to accept or reject the null hypothesis, a test of significance was conducted. This was done by comparing the achieved Pearson product-moment correlation coefficient value with the p-value computed from SPSS. If the correlation coefficient is higher than the p-value ($r_{XY} \leq$ p) the relationship is significant and the null hypothesis is rejected and the alternative hypothesis accepted. If the correlation coefficient is smaller than or equals to the p-value (r_{XY}>p), the relationship is non-significant and the null hypothesis is accepted and the alternative hypothesis is rejected. The discussion on how the significant test was used clarified further in the next chapter.

4.8.5 Statistics used to determine the relationship between demographic variables and the dependent variables

The ANOVA was used to determine if the demographic variables (age, gender, region, loan amount, number of loans and ethnic group) had an influence on the dependent variables; that is, if any of them was a covariate in this study. This step was necessary because there was no prior information on which of the demographic variables was a covariate and with which dependent variable it had a significant relationship.

Analysis of variance examines the relationship between a discrete independent variable and a continuous dependent variable (Tabachnick & Fidell, 2014). It is used to compare two or more means to see if there is any statistically significant difference among them. The ANOVA is, in essence, a set of analytical procedures based on comparison of two estimates of variance. In this study, one estimate came from the difference among scores between two group means and the second estimate came from the differences among scores within each group. As the two estimates differed significantly, the null hypothesis was rejected; it was concluded that the difference was not due to random error and thus, the alternative hypothesis was accepted.

To determine if the obtained estimate of variance (F value) between the means was significant or not, the associated p-value was computed from SPSS and a significance test was determined by comparing the p-value to the significant set. As in the t-test significance level determination, if the p-value is found to be lower or equal to the .05 significant level ($p \leq .05$), the relationship is significant and the null hypothesis (that the population means are equal) is rejected in favour of the alternative hypothesis. If the p-value is higher than the .05 significance level, the relationship is non-significant and the null hypothesis cannot be rejected.

4.8.6 Statistics used to investigate the impact of micro-finance on self-esteem and self-efficacy

Inferential statistics were used in this study to determine whether micro-finance contributes to increased self-esteem and self-efficacy, primarily to infer the results realised from the sample to the general population. Inferential statistics is concerned with making predictions or inferences about a population from observations and analyses of a sample (see Abbott & MacKinney, 2013; Crossman, 2015). In other words, one can take the results of an analysis using a sample and can generalise it to the larger population that the sample represents. A multivariate analysis of variance (MANOVA) was deemed appropriate for this aim. According to Hair et al. (2010), multivariate analysis refers to “all statistical techniques that simultaneously analyse multiple measurements on individual or objects under investigation” (p. 4). They maintained that a MANOVA simultaneously explores the relationship between several categorical independent variables and one metric dependent variable. When there are one or more known covariates the MANOVA becomes a MANCOVA (Tabachnick & Fidell, 2014). In this study, the MANCOVA was used as there was more than one covariate.

Before the MANCOVA could be used, there were three critical assumptions that needed to be checked. Firstly, the crucial assumption of the independence of observations had to be observed. According to Hair et al. (2010), violation of this assumption comes from lack of independence among observations, meaning that responses in each group are not made independently of responses in any other group. Afifi, May and Clark (2012) stated that when observations are collected from people, it is frequently safe to assume independence of observations collected from different individuals. The sampling and the interview procedures used in this study ensured that participants were interviewed independently on a one-to-one basis. In addition, the use of multivariate analysis afforded the ability to use group average scores instead of individual scores to partly cater for this problem. This is discussed further in the next chapter.

The second assumption is that the homoscedasticity or the homogeneity of the variance or covariance matrices among the groups should be met. Homoscedasticity literally means having the same scatter (Howell, 2013). It translates to having data values that are scattered or spread out to about the same extent. The assumption is concerned with the substantial differences in the amount of variance of one group compared to another for the dependent variables. Typically, the Box's M test of equality of covariance matrices is used. Hair et al. (2010) maintained that the Box's M test is especially sensitive to departure from normality and one should always check for univariate normality of all dependent variables before performing this test.

To test whether the obtained Box's M test value is significant or not, the p-value is calculated. If the p-value is less than the level of significance for the test (.05), the variances are not all the same. In that case, one can conclude the groups are heteroscedastic. If the p-value is higher than the .05 level of significance, the variances are the same and accordingly, the assumption of homoscedasticity is met.

The third assumption is that of multivariate normal distribution. Just as the univariate normal distribution tends to be the most important statistical distribution in univariate statistics, the multivariate normal distribution is the most important distribution in multivariate statistics. Hair et al. (2010) stated that "even though these statistical assumptions are important, the researcher must use judgment in how to interpret the test for each assumption and when to apply remedies" (p. 77). In case there is a violation of one of the assumptions, the researcher has to make a decision in light of the achieved sample size, the statistical tests used and the impact on the results and conclusions. Everitt (2010) posited that for many of the multivariate methods, the assumption of multivariate normality is often not critical to the results of the analysis.

In this study, an analysis of variance showed that some of the demographic variables revealed significant relationships with the two dependent variables, and were covariates, and thus, the factorial MANCOVA became the best measure to use. A factorial MANCOVA may be used to determine whether or not two or more categorical grouping variables (and their interactions) significantly affect optimally weighted linear combinations of two or more outcome variables (Wuensch, 2015). It is a powerful inferential statistic that can yield both main and interactional effects while controlling for a covariate. In addition, the MANCOVA analyses and its derivatives are robust to modest violations of multivariate normality for equal sample sizes in the univariate analyses or at least 20 observations in cells when dealing with unequal samples (see Tabachnick & Fidell, 2014).

There are four statistical tests that are usually used for the MANOVA and MANCOVA calculations: Pillai's trace, Roy's largest root, Hotelling-Lawley's trace and Wilk's lambda. For the purpose of this study, the Pillai's trace was used as it is considered to be the most powerful and most robust to violations of assumptions than the other three statistical tests (Carey, 1998). To determine if the obtained results in the MANCOVA test were significant to enable the rejection or acceptance of the null hypothesis, a test for significance was performed. As explained in the preceding sections, the associated p-value was computed in SPSS and a significance test was determined by comparing the p-value to the set significant level. As in the t-test significance level determination, if the p-value is found to be lower or equal to the .05 significant level ($p \leq .05$), the relationship is significant and the null hypothesis is rejected in favour of the alternative hypothesis. If the p-value is higher than the .05 significance level, the relationship is non-significant and the null hypothesis cannot be rejected.

The results obtained called for further exploration or second level analysis. When the independent variable has three or more levels, the researcher must engage in a second level of analysis in addition to the assessment of significant main effects. Hair et al. (2010) posited that when a significant main effect is obtained, a post hoc test or planned comparisons should be conducted to isolate the sources of the difference and validate the results. Post hoc tests are used to examine potential statistical differences among all possible combinations of group means. To figure out where the differences between specific groups lie, post hoc tests that analysed pairs of means were used to see if there is a difference.

Given the obtained results, post hoc tests were then carried out on the loan received and loan declined, region, income and loan amount variables. The more common post hoc procedures are the Scheffé's least significance difference (LSD), Tukey's significant difference (HSD) method, Tukey's extension of the Fisher least significant difference (LSD) approach, Duncan's multiple-range test and the Newman-Keuls test. For this purpose, the Scheffé's least significance difference (LSD) test was employed. Named after the American statistician, Henry Scheffé, it is the most conservative and is a single-step multiple comparison procedure, which applies to the set of estimates of all possible contrasts among the factor level means, not just the pairwise differences. The Scheffé test is customarily used with unequal sample sizes, although it can be used with equal sample sizes.

Once again, the significance testing was conducted by computing the p-value and comparing it to the study's set significant level. A p-value lower or equal to the .05 significant level ($p \leq .05$) meant a significant relationship. A p-value higher than the .05 significant level implied a non-significant relationship and the null hypothesis acceptance of the null hypothesis.

As a prelude to the section on ethical considerations that follows, it is important to point out that ethical conduct in any research study brings the character of the responsible researcher in the spotlight. The integrity of the researcher is of outmost importance, before, during and after conducting a study (see Neuman, 2014). In the next section, the steps undertook to deal with ethical issues that might have arisen in the study are discussed.

4.9 Ethical considerations

This study was approved by the Research and Ethics Committee of the Faculty of Humanities of the University of Pretoria on the 26 March 2010. In research, ethics guide and help us through a range of concerns, dilemmas and conflicts that may arise over the proper way of conducting a study. In his discussion of research ethics, Neuman (2014) propounded that doing social research is not only about knowing the research techniques, but also requires being aware of, and the application of, ethical principles. It is with this in mind that the next section presents steps taken in this study to ensure that ethical principles were observed.

Firstly, voluntary participation and informed consent was ensured. The principle of informed consent means that prospective participants should be given as much information as might be needed to make an informed decision about whether or not they wish to participate in a study (Bryman, 2012). In the data collection section, it was mentioned that interviewers informed participants of their voluntary participation and sought informed consent. To this end, a participant information sheet (see appendix A) was presented to the applicant. The sheet clearly states the objective of the study and that participation is voluntary and indicates the participant's right to withdraw at any point of the research (see Rubin & Babbie, 2014). Deception occurs when "the researchers represent their work as something other than what it is" (Bryman, 2012, p.142). In this study, there was no deception, as participants were made aware of the objectives of the study. Participants were also briefed about the possible outcomes and benefits of the research. This was done in the introduction phase of every interview. If the participant was not literate the interviewer explained the information to him/her. Only participants who gave their informed consent by signing the informed consent form (see appendix B) were included in the research study. The importance of consent forms is that they give the respondents the opportunity to be fully informed of the nature of the research and the implications of their participation (Bryman, 2012).

Secondly, it was ensured that participants were not harmed by being involved in this study. Rubin and Babbie (2014) maintained that research should never injure or psychologically harm participants, and researchers should always be aware and guard against this. In conducting the research there was no manipulation of variables or treatment administered to participants. Instead, as propounded by Neuman (2014), critical theory posits that research knowledge should bring positive change in people's lives and is gained through interaction. It should emancipate or liberate society from the shackles of oppression, enslavement and by so doing prevent any physical or psychological harm (Davidson et al., 2006). In line with this theoretical tenet, participants were interviewed in their natural environment by means of face-to-face interviews or telephonically during the post-test interviews. The use of an internationally validated measurement instrument was aimed at protecting participants against any foreseeable physical, psychological or social harm or suffering, which might have been experienced in the course of the research. In addition, only those aged between 20 years and 70 years were eligible for the study so as to exclude the most vulnerable, such as children. In case participants felt any distress due to participating in the study, a debriefing information sheet (see appendix D) contained contact details of a registered clinical psychologist informing them that he/she could consult free of charge.

It has been pointed out in the research methodology discussion that the use of structured interviews might be argued against from a critical theory viewpoint and its offshoots, for example feminist viewpoints. However, it is maintained that by paying greater attention to issues like greater privacy in the interviewing and fully training interviewers in sensitive interviewing, structured interviews are relevant to this study in order to achieve the objectives of the study (see Bryman, 2012). Critical theory allows one to use research methodology as demanded by the context in which it is embedded (see Schofield Clark, 2010). In this context, structured interviews afforded the ability to study the relationship between micro-finance, and self-esteem and self-efficacy with the view of seeing whether it is beneficial, thus leading to increased self-esteem/self-efficacy or not.

Thirdly, the integrity of the study was ensured by observing high standards of doing rigorous research as shown in previous chapters and as discussed in ensuing sections. For data collection and data analysis (statistical techniques) one of South Africa's renowned research houses – Consulta, was used. For this study, research houses presented their proposals and only the best proposal that clearly showed adherence to ethical standards was appointed. In the communication of findings and as advised by Gravetter and Forzano (2012), it is important to adhere to the principles of honesty, clarity, comprehensiveness, accountability and openness to public scrutiny. Research findings have been made available for peer review. As propounded by White and McBurney (2013), researchers need to discuss their research with colleagues and seek advice about ethics of the research procedure. This will help curb the bias that we have that our research is more important than it really is and that we are morally superior and will act ethically. The current study was conducted under the supervision of a member of the Department of Psychology at the University of Pretoria, which rigorously adheres to the Professional Board of Psychology's (part of the Health Professions Council of South Africa) ethical principles.

Lastly, the principle of confidentiality was upheld and respondents were made aware of this before they could be interviewed. Furthermore, participants were allowed to respond anonymously or under a pseudonym to protect their privacy. Confidentiality and anonymity in research goes hand in hand with the right to privacy because, to the degree that informed consent is given on the basis of a detailed understanding of what the research participants' involvement is likely to entail, he or she acknowledges that the right to privacy has been invaded (Bryman, 2012). In this study, research findings relating to specific individuals have been reported in a way that protects the personal dignity by using codes to identify participants and match pre-test and post-test data. Rubin and Babbie (2013) posited that the protection of participants' identity is the clearest concern in the protection of their interest and well-being. Participants are shielded from shame or emotional stress that could come from public exposure (see Gravetter & Forzano, 2012).

In line with the preceding discussion, the next section discusses the quality of research in this study by discussing validity and reliability.

4.10 Validity and reliability of the study

The truthfulness, credibility or believability of every research study is of central importance. Validity and reliability are ideas or standard criterions that help researchers establish the quality of research results. As maintained by Neuman (2014) they are "ideals we strive towards but it is not possible to have perfect reliability and validity" (p. 212). In a research study, validity is concerned with the truth of the research or the accuracy of the results (see Gravetter & Forzano, 2012). Validity addresses the question: how well does the research study actually answer the question it was intended to answer? As Joppe (2000) put it, validity answers the question, “Does the research instrument allow you to hit the bull’s eye of your research object?” (p.1). Although there are many approaches to defining the validity of a research study, it is hereby defined as “the degree to which the study accurately answers the question it was intended to answer” (Gravetter & Forzano, 2012, p.167).

4.10.1 Validity

In order to address questions about the validity of this research study, the two traditional categories of validity - internal validity and external validity were used.

4.10.1.1 Internal validity

The internal validity of research design requires that extrinsic factors be ruled out as rival explanations of the observed association between the variables under investigation (Babbie, 2010). As observed by Salkind (2010), the longer the time lapse between the pre-test and the post-test, the higher the probability that events other than the independent variable will become potential rival hypotheses. In particular, extrinsic variables referred to in this study are history and maturation.

History occurs when events outside of the study or between repeated measures of the dependent variable may affect participants' responses to experimental procedures (Graziano & Raulin, 2010). These are often large-scale events such as natural disaster or political change that affect participants' attitudes and behaviours such that it becomes impossible to determine whether any change on the dependent measures is due to the independent variable or the historical event. Johnson and Christensen (2004) described maturation as any physical or mental change that occurs over time that affects performance on the dependent variable. Permanent changes, such as physical growth and temporary ones like fatigue may provide natural alternative explanations; thus, they may change the way a subject would react to the independent variable.

As propounded by Trochim (2006), internal validity is the approximate truth on which the inference is made regarding the study that involves a causal relationship. It is threatened whenever there exists the possibility of uncontrolled extraneous variables that might otherwise account for the results of a study (Shadish, et al., 2002). One of the extraneous variables that could negatively affect the internal validity in this study was related to the lapse of time between pre-test and post-test measures. If upon completion of the study these changes are not catered for, a researcher may not have been able to determine if the cause of the discrepancy is due to time or the independent variable. It was, thus, important that while allowing enough time for the micro-finance recipients to use the borrowed funds, the time lapse between the pre-test and post-test was kept within a three months period to minimize the effect of maturation. To control and minimize the influence of external variables, the quasi-experimental pre-test–post-test non-equivalent control group design was used (see Gravetter & Forzano, 2012). Both the experiment and control group were subjected to the same environmental conditions and thus equally exposed to these variables. Due to their likelihood of occurring if not countered in this study, the two variables further explained in Chapter Five when results are discussed.

A crucial extraneous variable that could not be entirely cater for is interviewer bias. This is an important weakness of the interview data collection method (Rubin & Babbie, 2013). Since interviewers were used, it is possible that interviewers' personal characteristics like friendliness could have been at play. In addition, like in any self-report method, the interview approach relies on participants' willingness to give accurate answers. Thus, they could lie or may not have understood the questions (Breakwell et al., 2012). In this study the interviewer effect was minimized by using experienced interviewers who were selected for this study; furthermore, they were trained and a pilot interview was conducted to familiarize and prepare them for the main interview. A structured interview and standardized scales captured on CAPI were used to ensure compliance and minimize interviewer subjectivity. Breakwell et al. captured the validity of interview data by saying, ""There is no evidence to suggest that in any generic manner of interviewing as a data elicitation technique yields data which are less valid or reliable than other methods"(p. 383).

4.10.1.2 External validity

External validity was defined by Rubin and Babbie (2014) as “the extent to which we can generalize the results of a research study to settings and populations beyond that of the study conditions” (p. 294). Gravetter and Forzano (2012) maintained that it is the extent we generalise to people settings, times, measures and characteristics other than those used in that study. A major factor influencing external validity is the representativeness of the study sample, setting and procedures (see Rubin & Babbie, 2014). The simultaneous use of probability and a non-probability sampling techniques negatively affected the representativeness of the sample. As further explained in the section on the limitation in the last chapter, it is thus acknowledged that as only a small percentage (25%) of the sample was achieved via non-probability sampling, it negatively affected the generalisability of the results.

In the study, the non-experimental and quasi-experimental strategies were adopted mainly to ensure that participants were interviewed in their natural environment and allowed to use their funds as they pleased. This assisted in increasing the external validity of the research as the relationship between the independent and dependent variables, micro-finance, and self-esteem and self-efficacy, was observed in its natural setting. The participants followed normal procedures to apply for micro-finance without the researcher’s intervention; thus, they represented the spread and characteristics of micro-finance applicants as they naturally exist in their specific areas. Most importantly, the questionnaire was administered according to the language of choice indicated by the participant. Besides ensuring that participants’ languages were represented as per the target population, it assisted in ensuring that participants clearly understood questions and thus, responded to questions to their best ability.

As observed by other researchers (e.g. Rubin & Babbie 2014) there is always a trade-off between internal and external validity. A research that is very strong with respect to one kind of validity often tends to be relatively weak with respect to the second type. Gravetter and Forzano (2012) further maintained that it is essentially impossible for a single research study to eliminate all threats to validity. A researcher must decide which threats are most important for the specific study and then address those threats. In this study, this basic relationship was considered while planning the study. Given the aim of this study, the researcher believes that by using the non-experimental and quasi-experimental strategies, in particular by using the pre-test and post-test design and the addition of a control group, most of the threats to internal and external validity have been reduced.

4.10.2 Reliability

Reliability is simply defined by Bordens and Abbott (2011) as "the ability to produce similar results when repeated measurements are made under identical conditions" (p. 130). It means the consistency of a measurement or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects (Joppe, 2000). In short, it is the repeatability of a measurement. Neuman (2014) posited, "reliability means dependability or consistency" (p. 212). There are various methods for assessing reliability: split-half forms, parallel forms and test-retest reliability assessments. According to Bordens and Abbot (2013), the basic strategy for assessing the reliability of psychological measures is to administer the assessment twice to a large group of individuals and then determine correlation. In line with this assertion, the relevant measure of reliability used in this study is the test-retest reliability. It is the administration of the same test twice, separated by a relatively long interval of time (see Bordens & Abbot, 2011). In this study, pre-test and post-test scores were compared using the Pearson correlation technique.

Neuman (2014) further advised that to improve reliability, the researcher must perform pilot tests and use a precise level of measurement. As mentioned in the data collection section, a pilot study was conducted with 10 participants who applied for micro-finance, however, the results thereof were excluded from the main study. This was mainly to fully prepare interviewers understand the flow of the questions and obstacles that may be encountered while using the research instruments.

Reliability is even bolstered by reporting experiments and results properly, in such a way that other researchers can carry out the experiment again and test the result. This is in line with what White and McBurney (2013) referred to as objective and self-correcting. This means that the observations will be made available for evaluation by others, especially other scientists, to repeat the same step by-step process that led to the observations so that they can replicate the observations for themselves. Replication of observation allows verification of the findings. White and McBurney further emphasised that “science deals with phenomena that are available to anyone” (p. 9). Gravetter & Forzano (2012) gave impetus to this characteristic of science when they contend, “Note that only public observations can be repeated, and thus only public observations are verifiable” (p. 23). Standardized measuring devices are what allow us to make accurate and precise measurements, so that we can compare accurately and pass on instructions and information, so that other scientists can repeat the experiments exactly.

In order to ensure the validity and reliability of the research results, measuring instruments (the Rosenberg self-esteem scale and GSE scale), which have been both widely tested and accepted as having good psychometric properties, were used. Secondly, the use of various statistical techniques, from simple to advanced analytical methods, enabled the researcher to explore the correlation between micro-finance, and self-esteem and self-efficacy. Gravetter and Forzano (2012) maintained that specifically, reliability means that when the same individuals are measured under the same conditions, nearly identical measurements should be obtained. The use of a structured interview method as argued by Breakwell et al. (2012) yields information that is easily quantifiable and ensures comparability and consistency of questions and response elements across participants.

Lastly, in terms of verification, Dryzek (2006) stressed that a critical social science theory is proved not only by an experimental test or by interpretive plausibility, but also by action on the part of its audience who reflect and decide that the theory gave a good account of the origins of their sufferings and their relief. The results of the study were made open for perusal by the participants for them to judge their adequacy. This was done by posting and emailing preliminary results to those participants who indicated that they would want to peruse the results. Furthermore, the research process was continuously discussed with impartial colleagues and peers who are grounded in research. Lastly and before concluding this chapter, it is crucial to make mention that as a university requirement, the research thesis will be made available to the university library and internet for public scrutiny and critique.

4.11. Conclusion

In this chapter, the discussion centred on how critical theory, as a philosophical approach adopted in this study, informed the choice of the research methodology and how the two interlink. It has been maintained that critical theory integrates all the major social sciences, including geography, economics, sociology, history, political science, anthropology and psychology. It brings together rather than separates the poles of philosophy and the social sciences: explanation and understanding, structure and agency, regularity and normativity. It is hereby maintained that critical theory allows one to use research methodology as demanded by the context in which it is embedded. Using Schofield Clark's (2010) argument it was posited that in critical theory there is no one methodology that is superior to all other methodologies - in every case different research questions lend themselves to different methodologies.

For the purposes of this research, a more practical, quantitative approach deemed relevant to address the research question in this study was adopted. In the study, non-experimental and quasi-experimental research strategies were adopted as the ones best suited to bring to light the most reliable and valid results. The last section discussed the research design, the sample, data analysis and interpretation as done in this study. The chapter was concluded with a brief discussion of ethical considerations as applied in this research context followed by an explanation on how validity and reliability were accounted for in the study.

The next chapter focuses on the results achieved in this study. While this chapter detailed the research process followed as a means to an end, the chapter that follows provides a description of the sample and presents the results of the statistical analyses.

CHAPTER 5

RESEARCH RESULTS

5.1 Introduction

The previous chapter looked at the theoretical foundations with regard to methodology and the context under which the study was conducted. It gave background information on the methodology followed and explained the research design. At this point, it is important to emphasize two main issues that strengthen the results of this study. Firstly, in the previous chapter it was mentioned that a non-equivalent quasi-experimental design with both an experimental group and a control group was used in this research. The researcher could not manipulate the independent variable and neither could he assign participants at random to groups due to the nature of the study and for ethical reasons. Secondly, participants were allowed a three months period between the pre- and post-test to use the borrowed funds. The post-test interviews were conducted after the participants had received loans or had been denied loans. The two points are further discussed under the strengths and weakness of the study in the next chapter.

The aim in this chapter is to give a presentation of the achieved results, explain how data were analysed and conclusions drawn. The chapter is divided into two main parts; the first part provides a description of the sample in terms of achieved demographic split, then achieved psychometric properties of the measurement scales are presented, a presentation of the distribution properties of scores, followed by the analysis for attrition in this study. The second part gives an account of the results of the variables under study. It first presents inferential statistics on pre-test and post-test results to describe the achieved relationship between micro-finance, and self-esteem and self-efficacy. It then explains the results and explores the differences between the two independent groups (experiment and control groups), and ends with the concluding remarks.

5.2 Part 1: Demographic properties of the sample, psychometric properties of the scales and data distribution properties

This part comprises of three main sections: the first section presents the demographic profile of the sample, the second presents the psychometric properties of te two scales used and the last section discusses the distributional properties of the data and the effect of attritition in the study. The first section presents the sample in terms of gender, age, race, regions, loan amount and loan received or declined.

5.2.1 Description of the sample

In describing the sample, the discussion focuses on what actually transpired in the sample selection process and procedures used to collect the data. According to Fowler (2009), the sample selection process and procedures are important as they both determine how well the data from a sample describe a population. The sample of the study consisted of individuals aged between 20 years and 70 years. The average mean age of those who participanted was 45 years. The wide age gap was chosen to increase the chances of participants qualifying for the study and the sample size achieved in the second interviews. The pre-test yielded a sample size of 264 (75% probability and 25% non-probability sampling). Every effort was made to contact all participants who took part in the pre-test and a post-test sample size of 159 was achieved. The implications of the simultaneous use of probability and non-probability sampling techniques are discussed further in the next chapter.

As explained in Chapter Four, post-test interviews were conducted after a period of three months after the pre-test to give those who received loans enough time to use the loaned funds and minimize the effect of the maturation confounding variable. As anticipated, the post-test sample was achieved with much difficulty, mainly due to the difficulty of tracing participants from the pre-test and securing interview appointments. Some participants had moved after the pre-test interview, some had initially supplied incorrect contact details, some contact details (like telephone numbers) had changed and some participants did not answer their phones or were no longer interested in participating. The post-test sample size of 159 constitutes a 60% response rate from the pre-test. Hair et al. (2010) propounded that MANOVA and MANCOVA can be affected markedly by the size of the sample used, and that in the case of the MANOVA and MANCOVA, the sample size requirement relates to individual group sizes rather than the total sample size. In this regard, they recommended that, as a practical guide, a minimum group size of 20 observations should be used when the MANCOVA is used.

A literature review on acceptable survey response rate reveals that some researchers maintain that response rate is not the best way to judge the accuracy of survey results, but representativeness of respondents is (Holbrook, Krosnick, & Pfent, 2007; Ideas, 2009). In their study of the causes and consequences of response rates, Holbrook et al. (2007) provided evidence that challenge the assumptions that response rates are a key indicator of survey data quality. They posited that lower response rates will only affect survey estimates if participants and non-participants (in this case those who qualify but did not respond) differ on the dimensions or variables that are of interest to the researchers. In this study, non-response was not caused by the variable of micro-finance provision but by other factors, for example, changes in contact details that are uncorrelated with the variables under study. Thus, those who did not respond differed randomly with respect to the variables being measured. Taking into account the mentioned factors, the objective of the study, and based on Daniel (2012) and Fowler's (2009)arguments, a 60% response rate is regarded as good and sufficiently representative of the initial population. The post-test sample achieved consisted of 78% of those who received loans and 22% those declined loans.

It is important to note that, except for the recipient declining the loan, the experimental and control group came from the same population and shared the same population characteristics. The most important demographic characteristics in this study were gender, age, race, region, loan number and loan amount received, as well as whether the loan was received or declined. The demographic profiles of the pre-test and post-test groups are given in the tables, text and figures that follow.

5.2.1.1 Gender

There was a relatively equal gender split in the achieved pre-test sample, but with slightly more females responding (see Figure8).

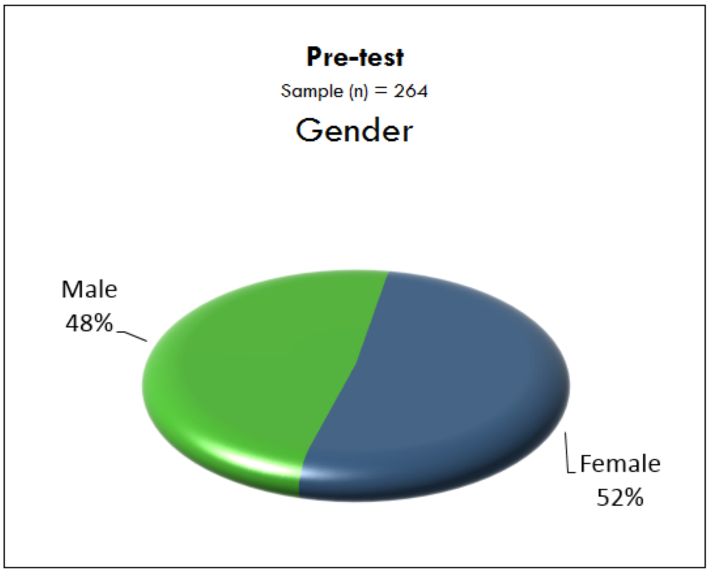


Figure 8: Achieved pre-test gender split

In the post-test sample the relatively equal gender split was realised, but with slightly more males responding (see Figure 9).

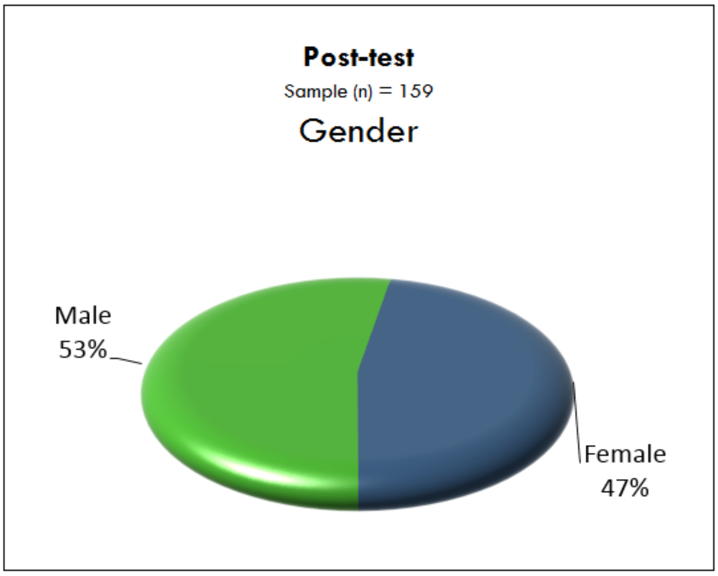


Figure 9: Achieved post-test gender split

5.2.1.2 Age

As already explained in the previous chapter, participants from 20 to 70 years of age were included in this study. Orth, Trzesniewski, and Robins (2010) posited that researchers have long debated whether self-esteem shows normative age changes with some (e.g. Wylie, 1979) concluding that self-esteem does not show systematic increases or decreases at any point in one's life span. The median age group achieved in the pre-test sample was 40-49yrs. Figure 10 presents the different age groups realised in the pre-test interviews.

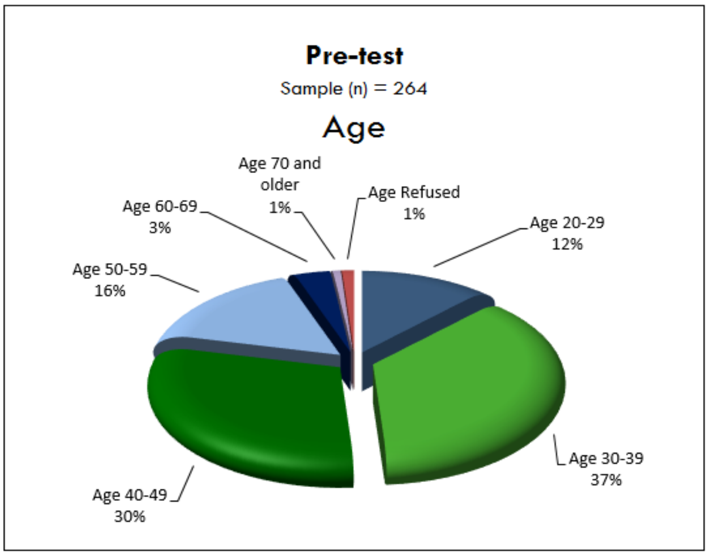


Figure 10: Achieved pre-test age group split

A similar age group split was achieved in the post-test measures as shown in Figure11.

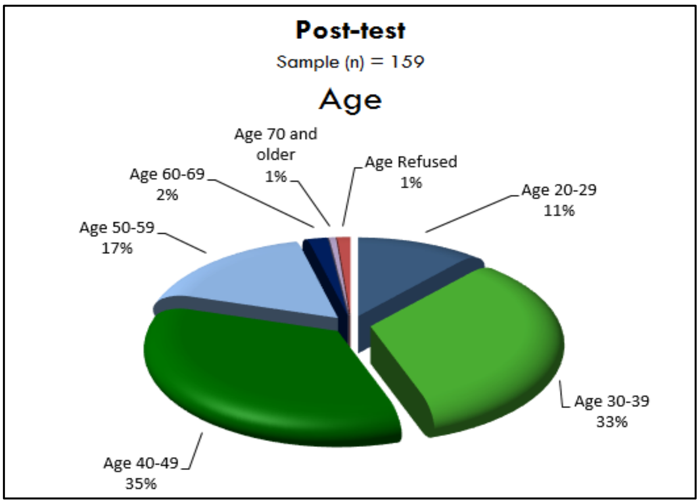


Figure 11: Achieved post-test age group split

5.2.1.3 Race

As explained in Chapter Two and Three, poverty in South Africa is biased along racial lines due to the effects of apartheid. The apartheid government used four racial categories, namely, Black (Africans), Coloured, Indian/Asian and White to classify people. The same categorisation still exists and is used by Statistics South Africa as population groups for statistical purposes, but it is now left up to individuals to decide in which group(s) they belong ("Race in South Africa", 2012). The poor come mostly from the Black population where MFIs draw their clients. This scenario was reflected in the customer base of AMEF. As shown in Figure 12 and 13 almost all participants in this study were Black Africans.

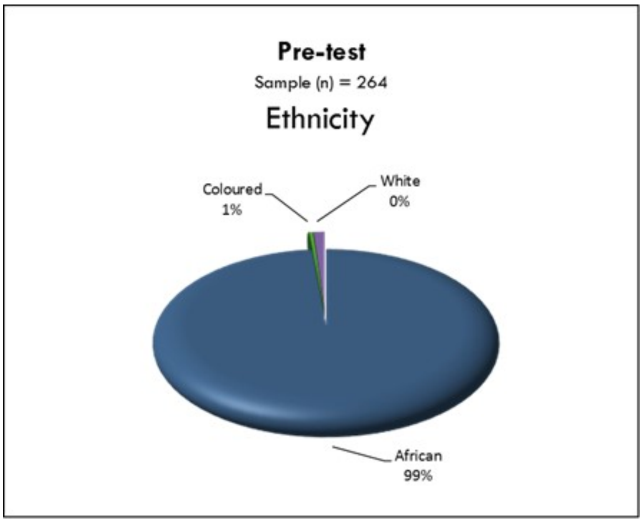


Figure 12: Pre-test racial composition

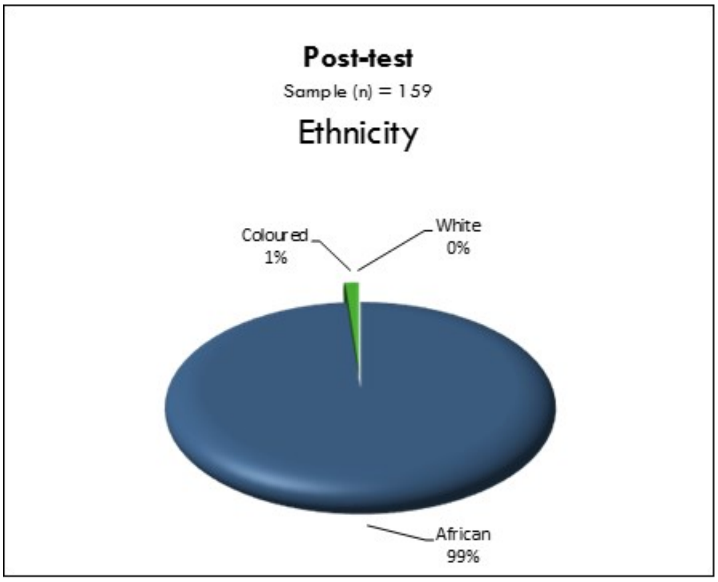


Figure 13: Post-test racial composition

Given the racial composition of participants in this study, the results were not analyzed and interpreted on a racial basis.

5.2.1.4 Regions

In Chapter Four it was mentioned that, due to the closure of some of the AMEF centres in some provinces, in particular Eastern Cape and Limpopo, interviews were subsequently confined to three provinces, namely North West, Gauteng and KwaZulu Natal. As can be seen from Figure 14, the majority of participants came from the North West province due to AMEF's footprint and the number of loans received in that province.

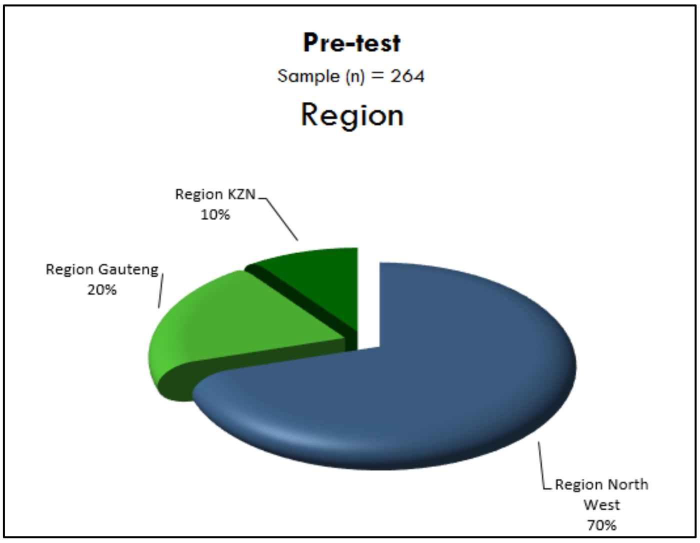


Figure 14: Regions pre-test representation

The same regional spread with North West having the highest representation was realised in the post-test. Figure 15 depicts the sample representation per region.

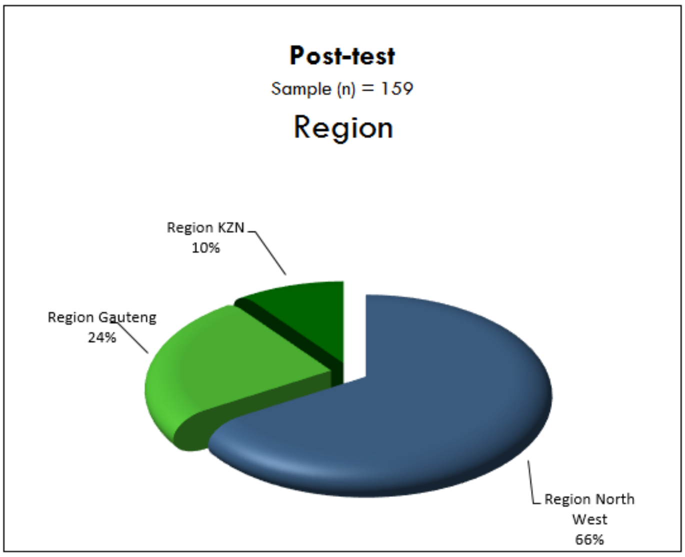


Figure 15: Regions post-test representation

5.2.1.5 Number of loans applied for from AMEF

To be included in this study, it was essential that participants should have applied for a loan from AMEF. Some may have applied more than once at the AMEF offices and thus, were familiar with the process, whereas it may have been the first application for others. The sample included more participants who were applying for their first loans from AMEF. This does not imply that it was their first application for micro-finance, but indicates the number of application/s made to AMEF. Thus, it is possible that a participant might have applied for micro-finance or received micro-finance from other institutions. Figure 16 presents the number of loans participants had applied for from AMEF.

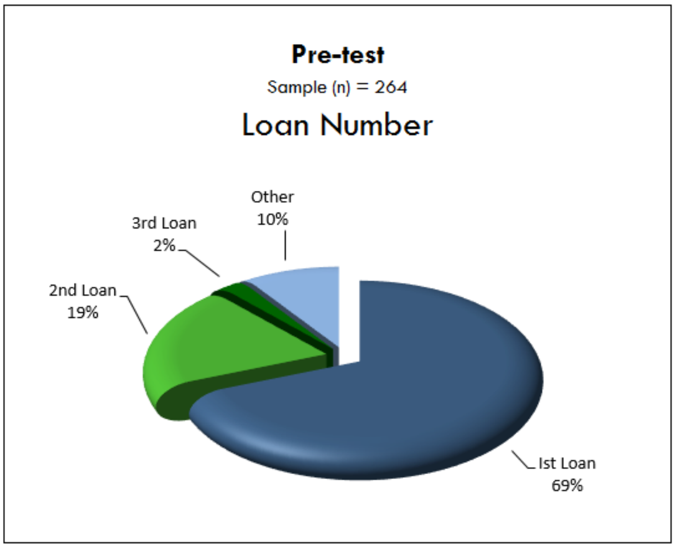


Figure 16: Pre-test number of loans applied for from AMEF

Although on a lesser scale than the loan number realised in the pre-test sample, the same pattern with those who applied for their first loan with AMEF was seen. Figure 17 presents the post-test number of loans applied for from AMEF.

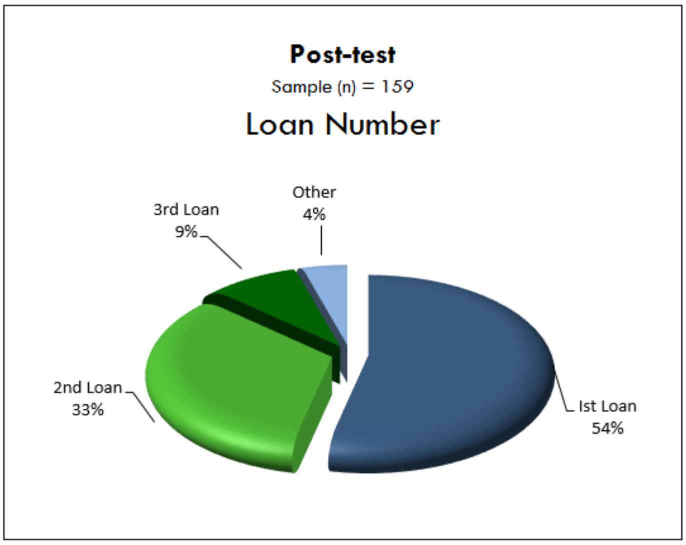


Figure 17: Post-test number of loans applied for from AMEF

5.2.1.6 Loan amount

For the purpose of this study, micro-finance was operationally defined as a very small loan (ranging between R1 000 and R15 000) given to an impoverished entrepreneur. Figure 18 indicates the amount that was ultimately approved and received by the applicant or declined by AMEF. The majority (60%) of loans received were for very small amounts between R1500 and R6000, which underpins the fact that most of the recipients may have been first time borrowers who were starting their small businesses.

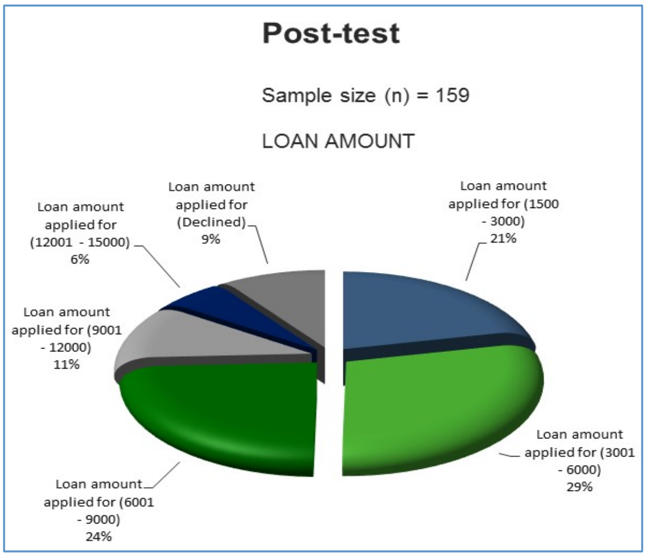


Figure 18: Loan amount applied for

5.2.1.7 Loan received versus loan declined

The essence of the study revolves around comparing participants whose micro-finance applications were approved and those whose applications were declined. This led to the testing of the second hypothesis – that micro-finance leads to increased self-esteem or self-efficacy of poor recipients. As alluded to in previous chapters, since it was practically and ethically impossible to assign participants to control and experimental groups before the pre-test, the participants were divided into the two groups after AMEF's decision was known. The following split shown in Figure 19 was realised from participants who took part in the post-test.

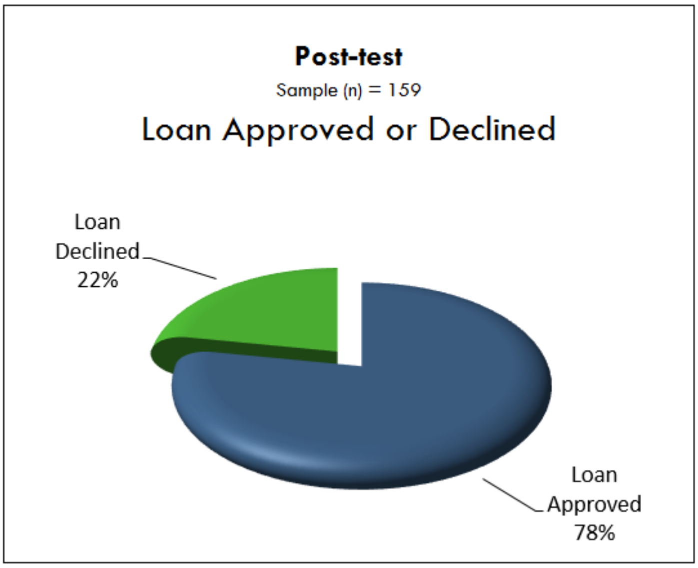


Figure 19: Loan received versus loan declined post-test percentage

The discussion that follows is divided into two sections. The first section endeavours to use the data collected to discuss the properties of the scales and distribution of the scores in the study. It examines the psychometric properties of the two scales (Rosenberg self-esteem scale and GSE Scale) using the data to verify the validity and reliability of these scales within the context of this study. The last section of the first part ends with an exploration of the pattern of data distribution to check if the set data in this study was normally distributed or not.

5.2.2 Psychometric properties of the Rosenberg self-esteem scale and GSE scale

In Chapter Four, the psychometric properties of the Rosenberg self-esteem scale and the GSE scales were discussed in terms of their validity and reliability as used in various studies and different countries. The discussion to follow is dedicated to examining the psychometric properties of these two scales as applied in this study. In the field of measurement, the concepts of validity and reliability are concurrently associated. Validity is commonly defined as whether a measurement operation can really measure what it intends to measure, while reliability designates that the same results of the research should be derived if the measurement is repeated (Suter, 2011). In line with Henson (2001), the magnitude of the Cronbach alpha and standard alpha estimates were adopted as proof of the reliability and to secure reasonable item coefficients in this study. Thus, the ultimate purpose of this section was to translate, adapt and analyse the psychometric properties of the two scales within the context of this study in South Africa.

5.2.2.1 Psychometric properties of the Rosenberg self-esteem scale

As indicated in the preceding chapter, the Rosenberg's self-esteem scale measure was chosen because it continues to be used among various populations and is widely accepted as having good psychometric properties (Ethier et al., 2006; Niemz, Griffiths, & Banyard, 2005). In this study and as shown in the tables to follow, the Rosenberg self-esteem scale has been extensively tested for reliability (internal consistency and test-retest) and validity (convergent and discriminant). To this extent, the Rosenberg self-esteem scale achieved an acceptable reliability with $\alpha = .75$. In line with the general research standards, the achieved Cronbach alpha score is regarded as satisfactory since $\alpha \geq .7$ and is thus, an acceptable reliability coefficient (see Gliem & Gliem, 2003; Santos, 1999). The results of the Cronbach calculations are captured in Table 2 that follows.

Table 2: The Rosenberg scale Cronbach calculations

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q1_2_No good at all	19.503	10.290	.320	.632
Q1_3_Number of good qualities	19.277	10.556	.467	.608
Q1_4_Do things well as others	19.522	10.732	.389	.620
Q1_5_Have much to be proud of	19.447	9.856	.523	.589
Q1_6_Feel useless at times	19.277	9.872	.532	.588
Q1_7_At least on same plane with others	19.453	10.730	.463	.611
Q1_9_Inclined to feel Iam a failure	19.302	10.567	.329	.629
Q1_10_Positive attitude toward myself	19.327	10.842	.391	.621
Q1_1_Satisfied with myself	19.843	11.019	.098	.699
Q1_8_Have more respect for myself	20.956	12.435	-.048	.701

Principal components factor analysis was performed to further examine and verify the psychometric properties of the Rosenberg's self-esteem used in this study. Principal components analysis (PCA) is a method used for explaining the maximum amount of variance among a set of items (Chumney, 2012). It identifies the smallest number of factors or components necessary to explain as much or all of the variance as possible. As mentioned in Chapter Four, factor analysis was used to test the construct validity of this scale as applied in this study in the South African context. The PCA suggested that in the case of the Rosenberg self-esteem scale two factors should be extracted. The parallel analysis suggested the same. Figure 20 captures the results of the parallel analysis.

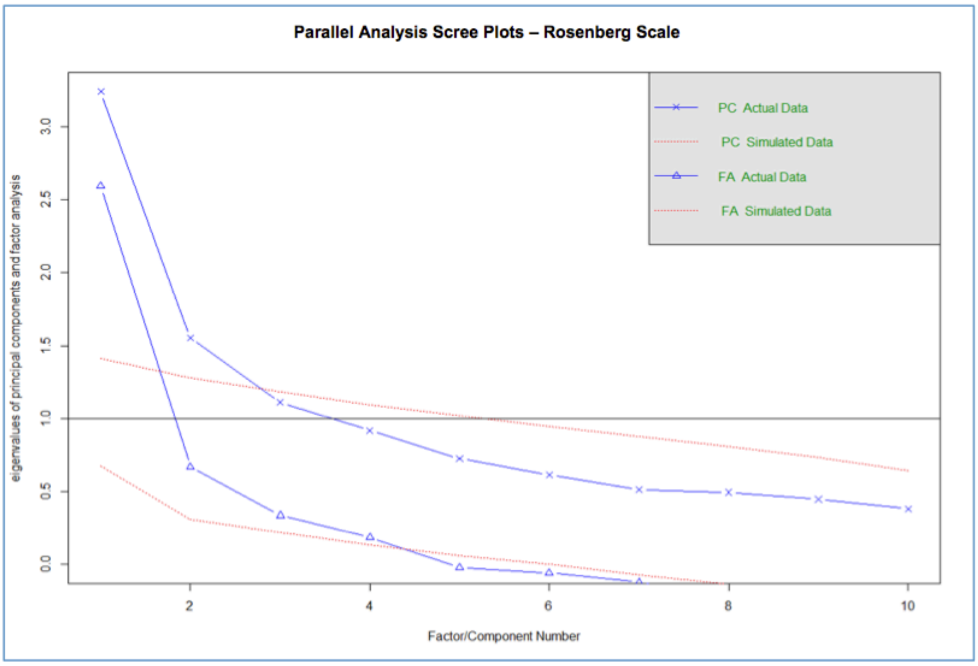


Figure 20: Diagrammatical representation of the self-esteem parallel analysis results

Factor analysis presented on Table 2 suggested, however, that only two items loaded on a second factor, but there was no clear logical reason for these items to do so as they did not form a coherent factor. When the reliability of the total scale was investigated, it was found to be .7 Bryman and Bell (2007) propose that as a rule of thumb, Cronbach alpha values of .7 and above denote a good level of internal reliability, values between .5 and .69 denote an acceptable level of reliability, and scores below .5 denote poor levels of reliability. The removal of the two items in question led to a marginal increase in reliability, and it was decided on theoretical grounds to use the scale as a uni-dimensional scale in line with Rosenberg's findings and recommended usage. The discussion that follows focuses on the psychometric properties of the GSE scale.

5.2.2.2 Psychometric properties of the GSE Scale

The same approach as adopted for the Rosenberg self-esteem scale to test the reliability and validity of the GSE scale was used. The Cronbach Alpha and standard alpha estimates were adopted as proof of the reliability and to secure reasonable item coefficients in this study. Similarly, factor analysis was used to assess the construct validity of the test. The psychometric properties of the GSE scale was examined and verified by performing principal components and factor analyses. Table 3 that follows captures the scores of the Cronbach analysis.

Table 3: The GSE scale Cronbach calculations

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Q2_1_Manage so solve difficult problems_if I try	19.698	19.048	.235	.832
Q2_2_Find means_ways to get what I want	20.126	16.946	.573	.802
Q2_3_Stick to aims_accomplish goals	20.101	17.129	.537	.805
Q2_4_Can deal efficiently with unexpected events	20.415	17.295	.499	.809
Q2_5_Know how to handle unexpected events	20.239	15.943	.652	.792
Q2_6_Solve most problems invest_necessary effort	19.799	19.023	.204	.836
Q2_7_Remain calm_facing difficulties_Rely on coping abilities	20.220	17.401	.497	.809
Q2_8_Confronted with problem_find solution	20.069	16.356	.633	.795
Q2_9_In trouble_can think of solution	20.006	16.601	.597	.799
Q2_10_Handle whatever comes my way	20.327	15.247	.638	.793

The GSE, PCA as well as parallel analysis suggested that one factor be used. The GSE was consequently treated as a one-dimensional scale, as theoretically intended. The corresponding alpha coefficient for the scale was .87, which is highly acceptable. The results are diagrammatically represented in Figure 21.

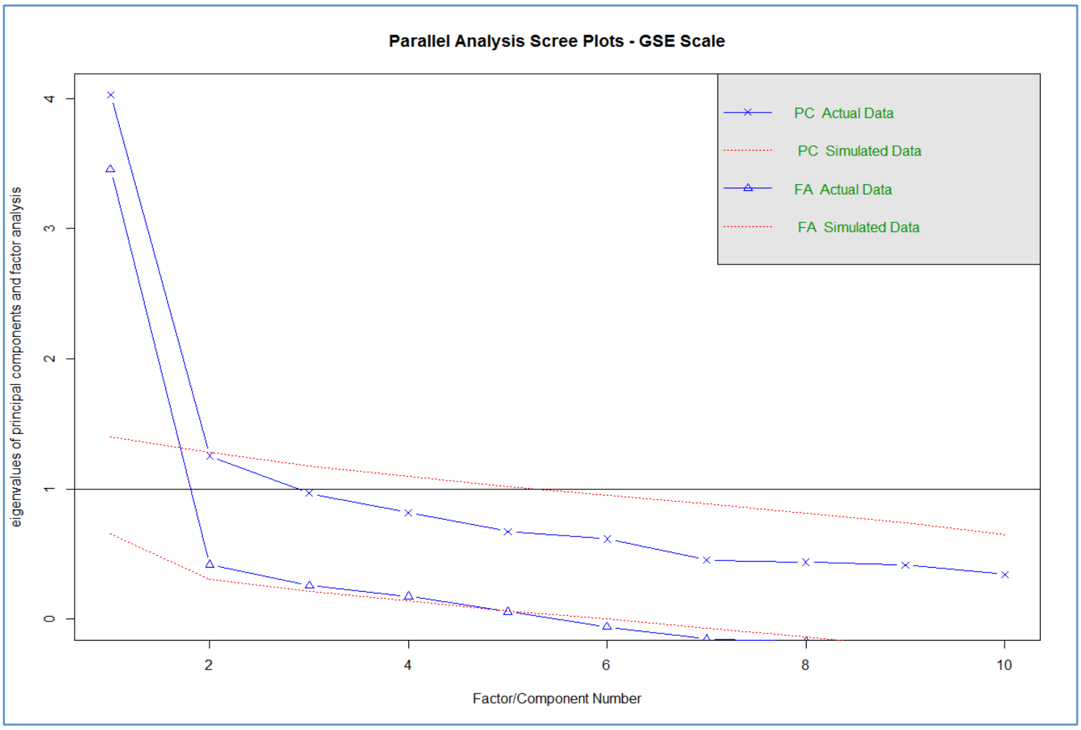


Figure 21: Diagrammatical representation of the self-efficacy parallel analysis resutls

The two measurement scales used in this study proved not only to be reliable but valid. Thus, it is believed that these scales are not only valid in other countries and studies, but could also be used in this study's context. In the next section, the distributional properties of the data are discussed.

5.2.3 Distributional properties of the data

The present study used statistical tests that work with means such as t-tests and thus, it was important to verify if the data fits the normal distribution. As explained in Chapter Four, the normal distribution is considered the most prominent probability distribution in statistics and it approximates many natural phenomena (Martin & Bridgmon, 2012). The distribution test was done for data on both of the scales. To confirm the normality of the data, two basic criteria were used. Firstly, the data was analysed in terms of the 3-sigma rule or 68-95-99.7 empirical rule, which states that about 68% of values drawn from a normal distribution are within one standard deviation (denoted by σ) away from the mean; about 95% of the values lie within two standard deviations; and about 99.7% are within three standard deviations (see Silvestri, Falcone, Cerbaso, & Forcina, 2014).The collected data was checked to determine if it fitted or approximated the 3-sigma rule.

Secondly, the data collected in the two scales were checked to see if they assumed a bell shape and fulfilled the characteristics of a normal distribution with scores concentrated in the middle rather than in the tails. For the Rosenberg self-esteem scale the following data distribution properties, which confirmed normality, was observed (see Table 4):

Table 4: Distributional properties of the data on Rosenberg self-esteem scale

Variable: Sum_Q1, Distribution: Normal (BennyMoteleng_PivotTool_version17_Workshopped)									
Chi-Square = 53.69114, df = 6 (adjusted) , p = 0.00000									
	Observed	**Cumulative**	**Percent**	**Cumul. %**	**Expected**	**Cumulative**	**Percent**	**Cumul. %**	**Observed-**
<= 6.00000	0	0	0,00000	0,0000	0,01188	0,0119	0,00281	0,0028	-0,0119
8.00000	2	2	0,47281	0,4728	0,08369	0,0956	0,01978	0,0226	1,9163
10.00000	5	7	1,18203	1,6548	0,49997	0,5955	0,11820	0,1408	4,5000
12.00000	7	14	1,65485	3,3097	2,28991	2,8854	0,54135	0,6821	4,7101
14.00000	8	22	1,89125	5,2009	8,04199	10,9274	1,90118	2,5833	-0,0420
16.00000	19	41	4,49173	9,6927	21,66015	32,5876	5,12060	7,7039	-2,6602
18.00000	20	61	4,72813	14,4208	44,74847	77,3361	10,57883	18,2828	-24,7485
20.00000	91	152	21,51300	35,9338	70,91912	148,2552	16,76575	35,0485	20,0809
22.00000	85	237	20,09456	56,0284	86,22818	234,4834	20,38491	55,4334	-1,2282
24.00000	96	333	22,69504	78,7234	80,43588	314,9192	19,01557	74,4490	15,5641
26.00000	54	387	12,76596	91,4894	57,56522	372,4845	13,60880	88,0578	-3,5652
28.00000	36	423	8,51064	100,0000	31,60505	404,0895	7,47164	95,5294	4,3949
< Infinity	0	423	0,00000	100,0000	18,91049	423,0000	4,47056	100,0000	-18,9105

The Rosenberg self-esteem scores in Table 4 are diagrammatically represented in Figure 22.

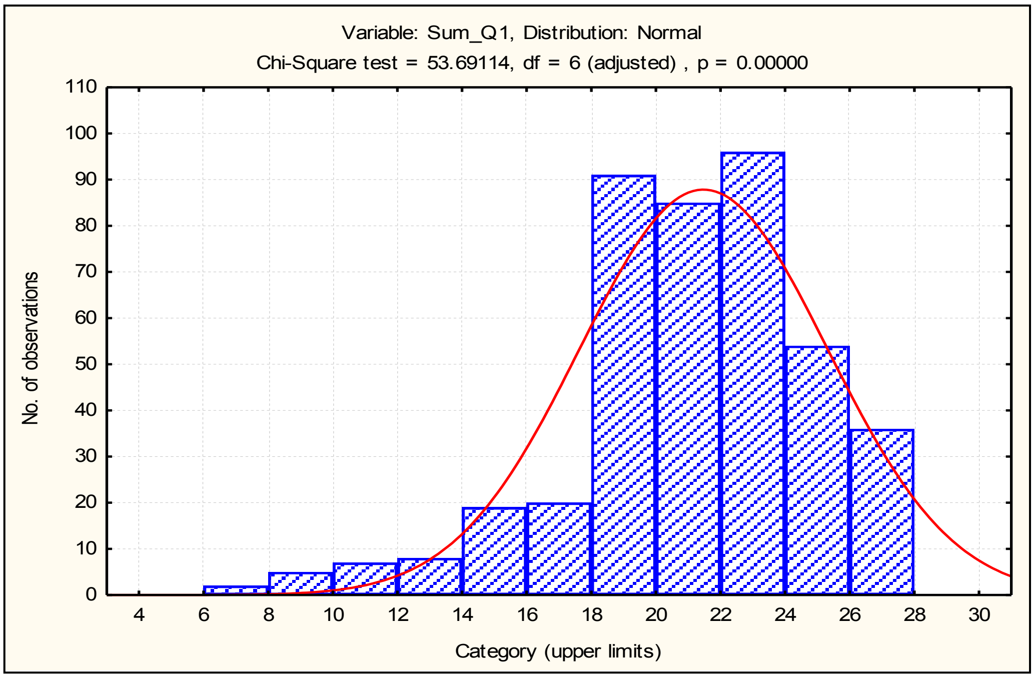


Figure 22: Diagrammatical representation of the Rosenberg self-esteem data

The same procedure was followed to confirm if the data from the GSE scale confirmed a normal distribution or not. For the GSE scale, the data distributional scores are captured inTable5.

Table 5: Distributional properties of data on GSE scale

Variable: Sum_Q2, Distribution: Normal (BennyMoteleng_PivotTool_version17_Workshopped) Chi-Square = 80.63213, df = 9 (adjusted) , p = 0.0000									
	Observed	Cumulative	Percent	Cumul. %	Expected	Cumulative	Percent	Cumul. %	Observed-
0.00000	1	1	0,23641	0,2364	0,00299	0,0036	0,00071	0,0008	0,9970
2.00000	1	2	0,23641	0,4728	0,01548	0,0190	0,00366	0,0045	0,9845
4.00000	2	4	0,47281	0,9456	0,06912	0,0882	0,01634	0,0208	1,9309
6.00000	7	11	1,65485	2,6005	0,26620	0,3544	0,06293	0,0838	6,7338
8.00000	1	12	0,23641	2,8369	0,88437	1,2387	0,20907	0,2928	0,1156
10.00000	3	15	0,70922	3,5461	2,53424	3,7730	0,59911	0,8920	0,4658
12.00000	9	24	2,12766	5,6738	6,26431	10,0373	1,48093	2,3729	2,7357
14.00000	8	32	1,89125	7,5650	13,35726	23,3946	3,15775	5,5306	-5,3573
16.00000	13	45	3,07329	10,6383	24,56911	47,9637	5,80830	11,3389	-11,5691
18.00000	22	67	5,20095	15,8392	38,98490	86,9486	9,21629	20,5552	-16,9849
20.00000	48	115	11,34752	27,1868	53,36346	140,3120	12,61547	33,1707	-5,3635
22.00000	78	193	18,43972	45,6265	63,01382	203,3258	14,89688	48,0676	14,9862
24.00000	79	272	18,67612	64,3026	64,19097	267,5168	15,17517	63,2427	14,8090
26.00000	77	349	18,20331	82,5059	56,41032	323,9271	13,33577	76,5785	20,5897
28.00000	38	387	8,98345	91,4894	42,76497	366,6921	10,10992	86,6884	-4,7650
30.00000	36	423	8,51064	100,0000	27,96787	394,6600	6,61179	93,3002	8,0321

Figure 23 provides the graphical representation of the GSE scores.

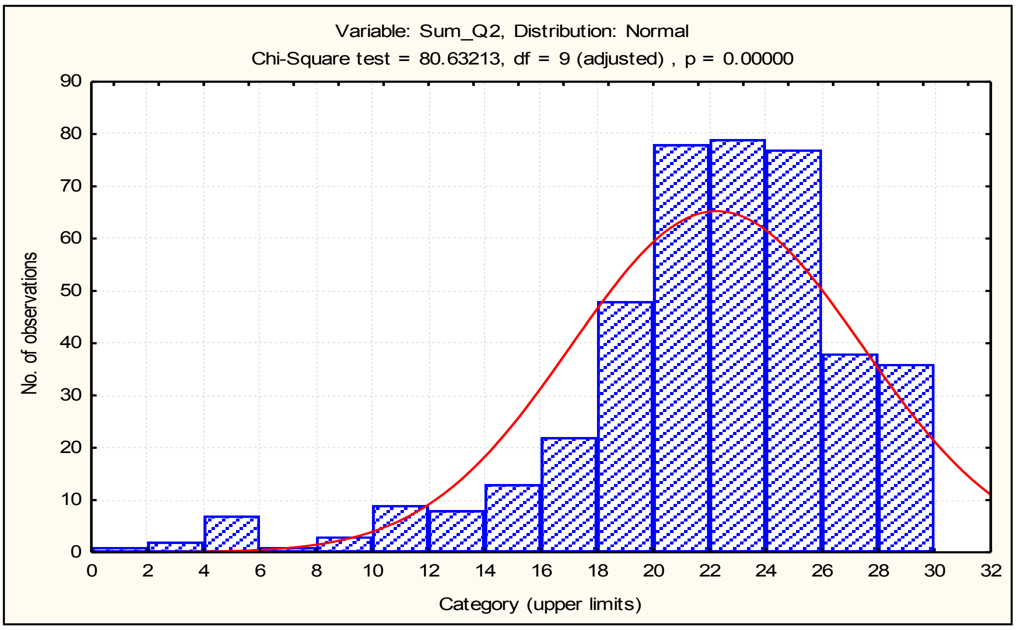


Figure 23: Diagrammatical representation of the GSE data

As per Tables 4 and 5 and Figures 22 and 23, there is evidence of departure from the normal distribution. Hair et al. (2010) maintain that normality can have critical consequences on smaller sample sizes (less than 50), but its effect diminishes as the sample size increases. Afifi et al. (2012) posited that some investigators examine how far the normal probability plot is from the straight line and if the amount of the curvature is slight, one should not bother to transform the data. Based on the achieved values, achieved sample size and the multivariate test (robust MANCOVA) conducted, there was reason to believe that the deviation from the normal distributional assumption is unlikely to change the study's results and the conclusions (Afifi et al., 2012; Everitt, 2010).

It was mentioned in the demographic sample description section that given the three months lapse between the pre-test and post-test measure, it was anticipated that some of the participants who took part in the pre-test may not be available for the post-test interviews. As such, attrition needed to be taken into account. Given the difference in the post-test sample sizes, it was important to determine the effects of attrition before the investigation of the relationship and impact of micro-finance and the two dependent variables. The discussion that follows presents the results of a chi-square analysis of attrition in the study.

5.2.4. The impact of post-test attrition on the results

Shadish, Cook, and Cambell (2002) maintained that the goal of all attrition analysis is to understand how it threatens the validity of a conclusion about treatment effectiveness. To ascertain whether there was a significant differences between the two groups due attrition, they were compared on the demographic variables using a chi-square analysis and a t-test for the dependent variables.

Table 6: Chi-square analysis of the effects of attrition on post-test results using demographic variables

Age				Income			
Statistic	Chi-square	df	p	Statistic	Chi-square		
Pearson Chi-square	7.574527	df=6	p=.27096	Pearson Chi-square	6.267094	df=5	p=.28109
M-L Chi-square	7.639093	df=6	p=.26575	M-L Chi-square	6.956886	df=5	p=.22387
Loan amount applied				Gender			
Statistic	Chi-square			Statistic	Chi-square		
Pearson Chi-square	5.682802	df=5	p=.33832	Pearson Chi-square	3.022166	df=1	p=.08213
M-L Chi-square	6.381845	df=5	p=.27082	M-L Chi-square	3.031779	df=1	p=.08165
Number of loans taken				Region			
Statistic	Chi-square			Statistic	Chi-square		
Pearson Chi-square	5.30087	df=3	p=.15105	Pearson Chi-square	3.644066	df=2	p=.16170
M-L Chi-square	5.202531	df=3	p=.15755	M-L Chi-square	3.769403	df=2	p=.15187

As can be seen from the results in Table 6, non-significant differences ($p \geq 0.5$) were found with regard to all of the demographic variables.

Table 7: T-test analysis of the effects of attrition on the two groups

Variables	T-tests; Grouping: Attrition Group 1: Attrited Group 2: Not Attrited					
	Mean	Mean	t-value	Df	p	Valid N
Self-esteem	20,533	21,805	-2,558	262,000	0,011	105,000
Self-efficacy	22,286	22,145	0,203	262,000	0,839	105,000

The t-test results t (105) = - 2.558 p = .011 showed that only on the self-esteem variable was the attrition effect marginally significant while that of self-efficacy was not significant. There was a statistically significant difference between the two groups on self-esteem at the .05 level of significance, though not at the .01 significance level. Shadish et al. (2002) posit that “when both total and differential attrition are low (e.g., less than 10%) and the effect size is high, these analyses will rarely change the qualitative conclusion about whether treatment works compared with analyses that do not take attrition into account” (p. 339). Given the achieved attrition analyses values on the demographic variables, the non-signficant attrition value on self-efficacy, the achieved sample size and effect size, there was reason to assume that the observed attrition did not have a major effect on the study’s qualitative conclusion.

The section that follows presents the study’s inferential statistics. Firstly, the results of the Pearson product correlation coefficient to address the first hypothesis are presented. It determines whether there is a relationship and it describes the relationship that exists between micro-finance, and self-esteem and self-efficacy. Secondly, the results of the ANOVA as used to identify demographic variables that may be covariates in the study and needed to be included in a multivariate analysis as covariates are presented. Finally, the the results of MANCOVA and post hoc group comparisons used to address the second hypothesis are presented.

5.3 Part 2: Relationship between micro-finance and self-esteem and self-efficacy

This section discusses the results that addressed the following hypotheses:

1. **Null Hypotheses (H_0):** There is no relationship between receiving micro-finance and the recipients’ self-esteem and/or self-efficacy.

2. **Alternative hypotheses (H_1):** There is a relationship between receiving micro-finance and the recipients' self-esteem and/or self-efficacy.

5.3.1 Pearson product-moment correlation results

The Pearson product-moment correlation coefficient was employed as a measure of the correlation between micro-finance provision, and self-esteem and self-efficacy. It is independent of the scale of measurement and independent of sample size. As argued by Tabachnick and Fidell (2014), it is the most frequently used measure of association and the basis of many multivariate calculations. Pearson product-moment correlation coefficient is hereby preferred instead of the Point-biserial correlation coefficient (r_{ob}) because it is mathematically equivalent to the Point-biserial correlation, it is the easiest to calculate and is widely used in practice. The results are represented as r_{XY} instead of the conventional Point-biserial correlationr_{pb}. As discussed in Chapter Four, a correlation measures and describes three aspects of the relationship between two variables: First, the direction of the relationship is described by the sign of the correlation (- or +). Second, the form of the relationship is determined by the type of correlation. The Pearson correlation usually evaluates linear (straight-line) relationships. A correlation of 1.00 indicates a perfectly consistent relationship and a correlation of 0.00 indicates no consistent relationship whatsoever (Gravetter & Forzano, 2012). Finally, the degree of relationship or the effect size whereby represented small (r_{XY} = .2 to .03), medium (r_{XY} = .3 to .5) or large (r_{XY} = .5 to 1.0) is identified. In this study, the Pearson product-moment correlation was used on both the Rosenberg self-esteem scale and GSE scale; the results are presented in the paragraphs that follow.

In order to determine if the correlation coefficient value found was significant or not in order to accept or reject the null hypothesis, the associated p-value was computed from the SPSS and a significance test determined by comparing the p-value with the .05 level of significance. As discussed in Chapter Four, if the p-value is found to be lower than the level of significance, the relationship is significant and the null hypothesis is rejected in favour of the alternative hypothesis. If the p-value associated with the coefficient is higher than the critical p-value, the relationship is non-significant and the null hypothesis cannot be rejected.

5.3.1.1 Correlation between micro-finance provision and self-esteem

The results of the correlation between micro-finance provision and self-esteem for those who received microfinance showed a correlation of r_{XY} = .33. Given this value, a one-tailed significance test was performed to determine the presence of the relationship and its significance based on the calculated correlation coefficient. The achieved result (r_{XY}= .33, N = 124, $p < .005$) at a 95% confidence level indicates a statistically significant, medium effect size but positive relationship between micro-finance provision and self-esteem.

In order to validate the SPSS significant test output, the critical value table for Pearson's correlation coefficient was used. Firstly, the degree of freedom (df) in a one-tailed correlation test is equal to 1 less than the number of subjects, thus (df = N - 1). Using the total number of micro-financed participants the degree of freedom was found to be 123 (df = 124 - 1). Secondly, the achieved degree of freedom (123) was used together with a predetermined 95% (.05) confidence level to find the minimum correlation coefficient value (critical value) on the one-tailed critical value table for Pearson's correlation coefficient. The critical value found (.164) is the minimum correlation coefficient needed to confidently state 95 times out of a 100 that the relationship found with 124 subjects exists in the population from which they were drawn. The achieved absolute value of the Pearson correlation coefficient was greater than the critical value (.33 > .164) and thus, indicated a significant relationship. These results, r_{XY} (123) = .33, $p < .05$ validate the significant SPSS output found earlier. Given this significant Pearson correlation coefficient the null hypothesis was rejected in support of the alternative hypothesis (there is a relationship between micro-finance provision and self-esteem).

5.3.1.2 Correlation between micro-finance provision and self-efficacy

The results between micro-finance provision and self-efficacy for the micro-financed participants showed a correlation of r_{XY} = .19. The achieved result (r_{XY}= .19, N = 124, $p < .03$) at a 95% confidence level was significant. The achieved absolute value of the correlation (.19) has an associated p-value (.03) that is lower than than the critical value (.05), thus the results indicated a significant, small effect but positive relationship between micro-finance provision and self-efficacy. The critical value table for Pearson's correlation coefficient, which gives a critical value of .164, is less than the absolute correlation coefficient (r_{XY} = .19). The result achieved r_{XY} (123) = .19, p < .05 is statistically significant. Thus, the null hypothesis is rejected in favour of the alternative hypothesis (there is a relationship between micro-finance provision and self-efficacy). The study's findings are in accordance with previous research studies showing, at most, a medium to small effect size association between micro-finance provision, and self-esteem and self-efficacy.

5.3.2 Relationship of demographic variables with dependent variables

The ANOVA was employed to investigate the relationship between the demographic variables and the two dependent variables. To determine whether any of the differences between the means are statistically significant, the obtained p-value is compared to the .05 significance level. If the p-value is equal or lower than the .05 (p ≤ .05), the difference is significant and the null hypothesis is rejected in favour of the alternative hypothesis. If the p-value is higher than .05, the relationship is non-significant and the null hypothesis cannot be rejected. Gender has been regarded as one of the important focal points in poverty alleviation strategies and was discussed at length to highlight the merits and demerits of micro-finance. The analysis that follows in Table 8 captures the relationship that exists between gender and the study's dependent variables.

Table 8: Analysis of the relationship between gender and the dependent variables

ANOVA: Gender						
		Sum of Squares	df	Mean Square	F	Sig.
Rosenberg: Post-test	Between Groups	0.06	1	0.06	0.005	0.945
	Within Groups	2008.33	157	12.792		
	Total	2008.39	158			
Rosenberg: Pre-test	Between Groups	12.638	1	12.638	0.818	0.367
	Within Groups	2424.318	157	15.442		
	Total	2436.956	158			
GSE: Post-test	Between Groups	4.265	1	4.265	0.205	0.651
	Within Groups	3267.068	157	20.809		
	Total	3271.333	158			
GSE: Pre-test	Between Groups	44.841	1	44.841	1.378	0.242
	Within Groups	5108.832	157	32.54		
	Total	5153.673	158			

As captured in Table 8, the obtained p-values are higher than the .05 significant level ($p > .05$); this means that there was no statistically significant difference between the groups on the Rosenberg self-esteem and GSE scales due to gender. The null hypothesis is not rejected and gender was not regarded as a covariate in this study.

Table 9: Analysis of the relationship between region and the dependent variables

ANOVA: Region						
		Sum of Squares	df	Mean Square	F	Sig.
Rosenberg: Post-test	Between Groups	163.87	2	81.935	6.93	0.001
	Within Groups	1844.52	156	11.824		
	Total	2008.39	158			
Rosenberg: Pre-test	Between Groups	239.129	2	119.565	8.487	0.000
	Within Groups	2197.827	156	14.089		
	Total	2436.956	158			
GSE: Post-test	Between Groups	220.731	2	110.366	5.644	0.004
	Within Groups	3050.602	156	19.555		
	Total	3271.333	158			
GSE: Pre-test	Between Groups	356.114	2	178.057	5.79	0.004
	Within Groups	4797.559	156	30.754		
	Total	5153.673	158			

The obtained p-values on region are lower than the .05 significant level ($p < .05$), which shows that there was a statistically significant difference between the means of the groups. This statistically significant difference was found on both scales. Thus, the null hypothesis is rejected and region was regarded as a covariate to be used in further analysis.

Table 10: Analysis of the relationship between number of loans and the dependent variables

ANOVA: Number of loans		Sum of Squares	df	Mean Square	F	Sig.
Rosenberg: Post-test	Between Groups	15.597	2	7.799	0.589	0.556
	Within Groups	1972.798	149	13.24		
	Total	1988.395	151			
Rosenberg: Pre-test	Between Groups	50.386	2	25.193	1.607	0.204
	Within Groups	2336.114	149	15.679		
	Total	2386.5	151			
GSE: Post-test	Between Groups	159.136	2	79.568	3.855	0.023
	Within Groups	3075.259	149	20.639		
	Total	3234.395	151			
GSE: Pre-test	Between Groups	39.176	2	19.588	0.577	0.563
	Within Groups	5059.923	149	33.959		
	Total	5099.099	151			

Table10 shows that there was only one statistically significant difference between groups as determined by the one way ANOVA (F(2,149) = .3.855, p = .023) on the GSE scale. Except for the mentioned difference, all the obtained p-values are more than the set level of significance (p > .05) and do not show a statistically significant difference between groups. Since a significant difference due to the number of loans was obtained on one of the scales, the number of loans was included in the MANCOVA analysis as a covariate.

Table 11: Analysis of the relationship between ethnic group and the dependent variables

ANOVA: Ethnic group		Sum of Squares	df	Mean Square	F	Sig.
Rosenberg: Post-test	Between Groups	3.078	1	3.078	0.241	0.624
	Within Groups	2005.312	157	12.773		
	Total	2008.39	158			
Rosenberg: Pre-test	Between Groups	22.125	1	22.125	1.438	0.232
	Within Groups	2414.831	157	15.381		
	Total	2436.956	158			
GSE: Post-test	Between Groups	0.9	1	0.9	0.043	0.836
	Within Groups	3270.433	157	20.831		
	Total	3271.333	158			
GSE: Pre-test	Between Groups	34.794	1	34.794	1.067	0.303
	Within Groups	5118.879	157	32.604		
	Total	5153.673	158			

As per the p-values obtained (p > .05) on Table 11, there was no statistically significant difference between groups on both the Rosenberg self-esteem scale and the GSE scale. Given the above results, ethnic group was not regarded as a covariate to be included in the MANCOVA analysis.

Table 12: Analysis of the relationship between loan received versus loan declined and the dependent variables

ANOVA: Loan Received vs Declined						
		Sum of Squares	df	Mean Square	F	Sig.
Rosenberg: Post-test	Between Groups	189.158	1	189.158	16.324	0.000
	Within Groups	1819.232	157	11.587		
	Total	2008.39	158			
Rosenberg: Pre-test	Between Groups	45.332	1	45.332	2.976	0.086
	Within Groups	2391.624	157	15.233		
	Total	2436.956	158			
GSE: Post-test	Between Groups	105.516	1	105.516	5.233	0.024
	Within Groups	3165.818	157	20.164		
	Total	3271.333	158			
GSE: Pre-test	Between Groups	81.146	1	81.146	2.512	0.115
	Within Groups	5072.527	157	32.309		
	Total	5153.673	158			

Table 12 shows that there was no statistically significant difference between the pre-test means of the two groups as determined by the one way ANOVA ($F(1,157) = 2.976$ p = .086) and ($F(1,157) = 2.512$ p = .111) on both the Rosenberg and GSE scales. It also shows a significant difference between the post-test means of the group that received loans (micro-finance) and the group that was declined loans as determined by the one way ANOVA ($F(1,157) = 16.324$ p = .005) ($F(1,157) = 5.233$, p = 024) on both the Rosenberg and GSE scales. Since there is a significant difference due to having received or being declined a loan on both scales, this variable was included in the MANCOVA analysis.

Table 13: Analysis of the relationship between age and the dependent variables

ANOVA: Age						
		Sum of Squares	df	Mean Square	F	Sig.
Rosenberg: Post-test	Between Groups	104.605	5	20.921	1.772	0.122
	Within Groups	1782.401	151	11.804		
	Total	1887.006	156			
Rosenberg: Pre-test	Between Groups	41.39	5	8.278	0.524	0.758
	Within Groups	2383.808	151	15.787		
	Total	2425.197	156			
GSE: Post-test	Between Groups	45.251	5	9.05	0.433	0.825
	Within Groups	3158.774	151	20.919		
	Total	3204.025	156			
GSE: Pre-test	Between Groups	268.581	5	53.716	1.671	0.145
	Within Groups	4853.686	151	32.144		
	Total	5122.268	156			

Table 13 shows that the obtained p-values are all higher than the .05 significant level ($p > .05$); this means that there was no statistically significant difference between groups on the Rosenberg self-esteem and GSE scales due to age. Thus, age was not a covariate in this study.

Table 14: Analysis of the relationship between income and the dependent variables

ANOVA: Income						
		Sum of Squares	df	Mean Square	F	Sig.
Rosenberg: Post-test	Between Groups	465.621	5	93.124	9.025	0.000
	Within Groups	1465.156	142	10.318		
	Total	1930.777	147			
Rosenberg: Pre-test	Between Groups	129.669	5	25.934	1.682	0.143
	Within Groups	2189.648	142	15.42		
	Total	2319.318	147			
GSE: Post-test	Between Groups	66.871	5	13.374	0.626	0.68
	Within Groups	3031.69	142	21.35		
	Total	3098.561	147			
GSE: Pre-test	Between Groups	217.771	5	43.554	1.312	0.262
	Within Groups	4714.898	142	33.204		
	Total	4932.669	147			

As shown in Table 14, there was a statistically significant difference between groups as determined by the one way ANOVA (F(5,142) = 9.025 p = .005 only on the Rosenberg self-esteem scale pre-test due to income. All the other p-values show no significant difference (p > .05) between groups due to income. Since a significant difference due to income was obtained on one scale, it was included in the MANCOVA analysis as a covariate.

Table 15: Analysis of the relationship between loan amount and the dependent variables

ANOVA: Loan amount						
		Sum of Squares	df	Mean Square	F	Sig.
Rosenberg: Post-test	Between Groups	296.292	5	59.258	5.296	0.000
	Within Groups	1712.098	153	11.19		
	Total	2008.39	158			
Rosenberg: Pre-test	Between Groups	140.981	5	28.196	1.879	0.101
	Within Groups	2295.975	153	15.006		
	Total	2436.956	158			
GSE: Post-test	Between Groups	229.059	5	45.812	2.304	0.047
	Within Groups	3042.274	153	19.884		
	Total	3271.333	158			
GSE: Pre-test	Between Groups	290.747	5	58.149	1.83	0.11
	Within Groups	4862.926	153	31.784		
	Total	5153.673	158			

There was a statistically significant difference on post-test means between the two groups as determined by the one way ANOVA (F(5,153) = 5.296, p = .005) and (F(5,153) = 2.304, p = .047) on both scales. Again, Table 15 shows that there was no statistically significant difference between the means of the two groups in the pre-test measures. Due to these results, the loan amount was included in the MANCOVA analysis as a covariate.

The preceding analysis reveals that region, income, whether micro-finance was received or declined, number of loans and loan amount had significant relationships with both dependent variables. The other demographic variables (gender, age and ethnic group) did not show a significant relationship with the dependent variables and were excluded in the multivariate analysis. Having met the assumptions for applying covariates, their actual effect on the dependent variables and impact on the actual statistical tests was analysed by means of the MANCOVA test. In the section that follows, the results of the MANCOVA are presented.

5.3.3 The impact of micro-finance provision and its covariates on self-esteem and self-efficacy

This section addresses the following hypotheses:

1. **Null Hypotheses (H_0):** Micro-finance does not lead to increased self-esteem and/or self-efficacy of poor recipients

2. **Alternative hypotheses (H_1):** Micro-finance leads to increased self-esteem and/or self-efficacy of poor recipients.

To this extent, the impact of micro-finance provision together with the obtained covariates was investigated using a multivariate analysis. Having identified non-metric covariates and having two continuous dependent variables, the MANCOVA was the best measure to use in this study. According to Tabachnick and Fidell (2014), the MANCOVA analyses and its derivatives are robust to modest violations of multivariate normality when dealing with unequal samples of at least 20 observations in cells. In Chapter Four, it was mentioned that before the MANCOVA can be calculated, there are three critical assumptions that need to be checked. The assumption of normal distribution was discussed in the first part of this section and will not be explained further in this section. For the purpose of this discussion, the independence of the observations and the homoscedasticity assumptions are presented in the paragraphs that follow.

5.3.3.1 Independence of observations

The first assumption is that of the independence of observations. In this study, the participants were recruited individually and interviewed on a one-to-one basis. In addition, the use of multivariate analysis afforded the researcher the ability to use group average scores instead of individual scores. Thus, the calculations and reporting was on group scores rather than independent individual scores. Based on these steps, this is in line with Afifi et al. (2012) who asserted that when observations are collected from people, it is safe to assume independence of observations. The section that follows discusses the results of the homoscedasticity or homogeneity of the covariance assumption.

5.3.3.2 Testing for equality of covariance (homoscedasticity)

According to Hair et al. (2010), the assumption of greatest importance is the homogeneity of variance-covariance across groups. Fulfilling this assumption allows the direct interpretation of results without having to consider group sizes and the level of covariances in groups. Table 16 captures the obtained results of the Box's M calculations.

Table 16: Test for homoscedasticity

Box's Test of Equality of Covariance Matrices[a]	
Box's M	20.064
F	1.828
df1	10
df2	3986.786
Sig.	.051

The Box's M result is not lower than the set level of significant value of .05. ($p > .05$), but marginally above it. Hair et al. (2010) advised that although these statistical assumptions are important, the researcher must use his/her judgment in how to interpret the test for each assumption and when to apply remedies. The obtained Box's M test score is not less than (marginally above) the .05 significant value and indicates a close association between self-esteem and self-efficacy; thus, one cannot argue that the variances between groups are different. The groups were regarded as homogeneous and thus, the assumption of homoscedasticity was met.

Given the size of the sample, the achieved homoscedasticity and the use of the robust MANCOVA test, it was believed that there was no need to use data transformation remedies as they would not significantly change the results or the conclusions of this study. In the section that follows the results of the MANCOVA are presented.

5.3.4 The results of MANCOVA calculations

The MANCOVA was used to remove the effect of any uncontrolled metric independent covariates on a linear combination of the dependent variables. Pillai's trace, which is considered by most statisticians to be the most powerful and most robust to violations of assumptions of the four statistics (Carey, 1998), was used. Pillai’s test results of the multivariate analyses are summarised in Table17.

Table 17: Pillai’s comparison for group differences on dependent variables

Multivariate Tests[a]								
Effect			Value	F	Hypothesis df	Error df	Sig.	Partial Eta Squared
Between Subjects	Intercept	Pillai's Trace	0.625	95.828[b]	2	115	0.000	0.625
	Region	Pillai's Trace	0.109	7.027[b]	2	115	0.001	0.109
	Number of loans	Pillai's Trace	0.048	2.902[b]	2	115	0.059	0.048
	Loan Received vs Declined groups	Pillai's Trace	0.09	5.714[b]	2	115	0.004	0.09
	Income	Pillai's Trace	0.102	6.542[b]	2	115	0.002	0.102
	Loan amount	Pillai's Trace	0.05	3.045[b]	2	115	0.051	0.05
Within Subjects	Time	Pillai's Trace	0.013	.749[b]	2	115	0.475	0.013
	Time * Region	Pillai's Trace	0.116	7.575[b]	2	115	0.001	0.116
	Time * Number of loans	Pillai's Trace	0.044	2.627[b]	2	115	0.077	0.044
	Time * Loan Received vs declined	Pillai's Trace	0.01	.558[b]	2	115	0.574	0.01
	Time * Income	Pillai's Trace	0.125	8.183[b]	2	115	0.000	0.125
	Time * Loan amount	Pillai's Trace	0.214	15.641[b]	2	115	0.000	0.214

The tests of between-subjects effects in Table17 show that there was a significant main effect as a result of receiving loans and being declined loans (p < .05). This implies that there were significant differences between the group that received micro-finance and those who were declined micro-finance on the two dependent variables. It showed that region (*p* = .001) and income (*p* = .002) contributed quite strongly to the dependent variables, while the loan amount (*p* = .051) and number of loans (*p* = .059) did not have a significant main effect on the dependent variables.

The tests of within-subjects effects showed no main effect for time (pre-test vs post-test) overall on a linear combination of the dependent variables (p > .05). Interestingly, the results showed that there was not a significant interaction between time of measurement and receipt of the loan or refusal of a loan. Thus, the pattern of pre-test and post-test scores were not different for the two groups.

The three covariates, region, income and loan amount showed significant interaction with time while number of loans had a non-significant interaction with time. The univariate within-subjects analysis results in Table 18 captures the essence of the preceding findings.

Table 18: Univariate analysis of the impact of co-variates on dependent variables

Tests of Within-Subjects Contrasts							
Source		Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Time	Self-esteem	7.037	1	7.037	0.955	0.330	0.008
	Self-efficacy	7.522	1	7.522	0.468	0.495	0.004
Time * Region	Self-esteem	0.455	1	0.455	0.062	0.804	0.001
	Self-efficacy	245.849	1	245.849	15.282	0.000	0.116
Time * Number of loans	Self-esteem	32.695	1	32.695	4.437	0.037	0.037
	Self-efficacy	17.991	1	17.991	1.118	0.292	0.01
Time * Received vs declined	Self-esteem	4.09	1	4.09	0.555	0.458	0.005
	Self-efficacy	10.297	1	10.297	0.64	0.425	0.005
Time * Income	Self-esteem	0.004	1	0.004	0	0.983	0
	Self-efficacy	264.375	1	264.375	16.433	0.000	0.124
Time * Loan amount	Self-esteem	27.065	1	27.065	3.673	0.058	0.031
	Self-efficacy	426.84	1	426.84	26.532	0.000	0.186
Error(Time)	Self-esteem	854.826	116	7.369			
	Self-efficacy	1866.158	116	16.088			

The results show that when the pre-test and post-test means of the same group (within-subject) were compared there was a non-significant mean difference, but when the mean scores of the two groups (between-subjects scores) were compared a significant main effect was obtained. Table 18 further shows no significant interaction between time of measurement and receipt of the loan and refusal thereof. This means that the pattern of scores for these two groups were not different from pre- to post-test.

The most important role of the covariates in the study was to enhance the overall impact, improve the statistical power of the tests and reduce within-group variance (see Hair et al., 2014). These results called for further exploration or second level analysis. Tabachnick and Fidell (2014) maintained that when there are two levels in a multivariate main effect and when a dependent variable is important to the main effect, the researcher often engages in a second level of analysis to pinpoint the source of the significant difference. It was noted that a significant main effect does not guarantee that every one of the group differences is also significant. It is possible that a significant main effect is due to a single group difference (e.g., group 1 versus group 2) while all the other comparisons are not significant.

5.3.5 Post hoc test results

Scheffé's least significance difference (LSD) was used to examine potential statistical differences among all possible combinations of group means. This method adjusts significance levels in a linear regression analysis to account for multiple comparisons. It is particularly useful in analysis of variance. The discussion that follows captures the results obtained from the Scheffé test.

5.3.5.1 Region

As captured in Tables17 and 18, region had both a very significant interaction with time and contributed highly to the significant main effect. Table 19 captures the post hoc results of regional comparisons.

Table 19: Regional Scheffé test comparisons

Pairwise Comparisons: Region							
Dependent variables	Regions comparison		Mean Difference (I-J)	Std. Error	Sig.[d]	95% Confidence Interval for Difference[d]	
						Lower Bound	Upper Bound
Self-esteem	Gauteng	KZN	2.443[*,b,c]	1.070	.025	.310	4.576
		North West	1.773[*,b,c]	.678	.011	.421	3.125
	KZN	Gauteng	-2.443[*,b,c]	1.070	.025	-4.576	-.310
		North West	-.670[b,c]	1.007	.508	-2.676	1.337
	North West	Gauteng	-1.773[*,b,c]	.678	.011	-3.125	-.421
		KZN	.670[b,c]	1.007	.508	-1.337	2.676
Self-efficacy	Gauteng	KZN	1.009[b,c]	1.192	.400	-1.366	3.384
		North West	-1.377[b,c]	.755	.072	-2.882	.128
	KZN	Gauteng	-1.009[b,c]	1.192	.400	-3.384	1.366
		North West	-2.386[*,b,c]	1.121	.037	-4.620	-.152
	North West	Gauteng	1.377[b,c]	.755	.072	-.128	2.882
		KZN	2.386[*,b,c]	1.121	.037	.152	4.620

The results show that the source of the significant difference comes from the difference between KZN and North West for self-efficacy, and between Gauteng, and North West and KZN for self-esteem. To complement the empirical data in Table 19 and to provide a visual representation of the basic relationships between the groups, graphical representations are provided. The figures that follow depict the graphical representations of the group per region on self-esteem and self-efficacy separately.

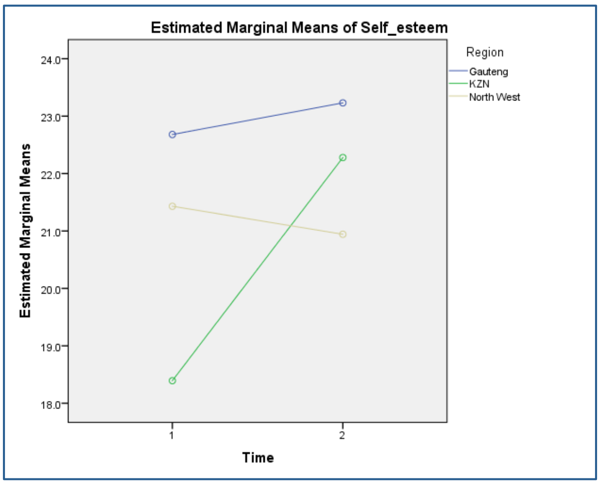


Figure 24: Regional pre-test and post-test diagrammatical representation of self-esteem means

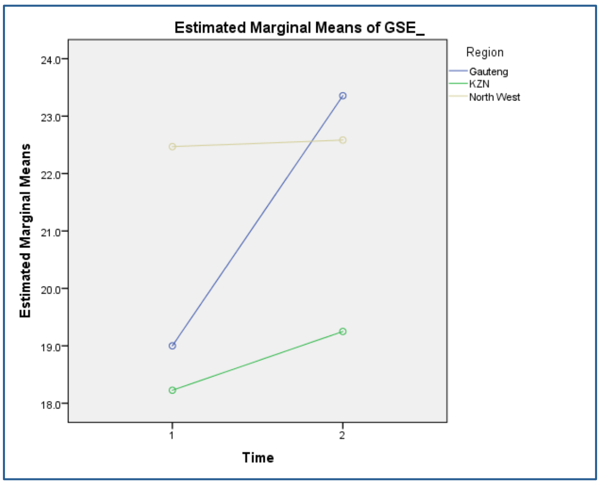


Figure 25: Regional pre-test and post-test diagrammatical representation of self-esteem means

Figure 25 shows an increase in self-esteem scores from pre-test to post-test in KZN and Gauteng while there was a slight decrease in North West. Figure 25 shows the same pattern: there was an increase for KZN and Gauteng while North West remained essentially the same.

5.3.5.2 Income

Income had both a very significant main effect and was involved in an interaction with time. The post hoc analysis of the income group comparisons is captured in Table 20.

Table 20: Income Scheffé test comparisons

Pairwise Comparisons: Income							
Dependent Variables	Groups compared		Mean Difference (I-J)	Std. Error	Sig.[d]	95% Confidence Interval for Difference[d] Lower Bound	Upper Bound
Self-esteem	Less than R4 000pm	R4 001 to R8 000pm	-2.803*,b,c	.752	.000	-4.302	-1.304
		R8 001 to R15 000pm	-3.037*,b,c	.835	.001	-4.700	-1.374
	R4 001 to R8 000pm	Less than R4 000pm	2.803*,b,c	.752	.000	1.304	4.302
		R8 001 to R15 000pm	-.234b,c	.746	.754	-1.722	1.253
	R8 001 to R15 000pm	Less than R4 000pm	3.037*,b,c	.835	.001	1.374	4.700
		R4 001 to R8 000pm	.234b,c	.746	.754	-1.253	1.722
Self-efficacy	Less than R4 000pm	R4 001 to R8 000pm	-.245b,c	.838	.771	-1.914	1.424
		R8 001 to R15 000pm	2.378*,b,c	.929	.013	.526	4.229
	R4 001 to R8 000pm	Less than R4 000pm	.245b,c	.838	.771	-1.424	1.914
		R8 001 to R15 000pm	2.622*,b,c	.831	.002	.966	4.278
	R8 001 to R15 000pm	Less than R4 000pm	-2.378*,b,c	.929	.013	-4.229	-.526
		R4 001 to R8 000pm	-2.622*,b,c	.831	.002	-4.278	-.966

The source of the difference is mainly when those earning less than R4 000 per month is compared with the group earning R4 001 to R8 000 per month and those in the upper salary bracket of between R8 001 and R15 000 per month. This pattern was revealed for both self-esteem and self-efficacy. Figures 26 and 27 show the mean pattern per income brackets.

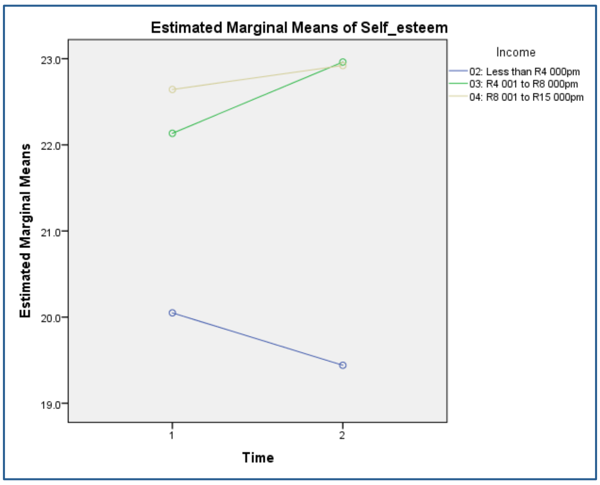


Figure 26: Income pre-test and post-test diagrammatical representation of self-esteem means

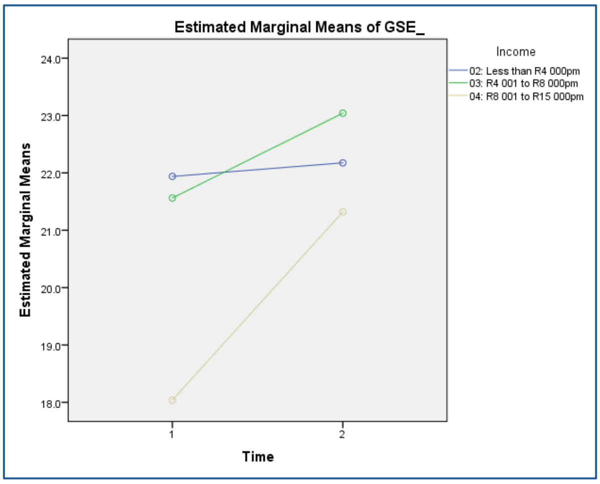


Figure 27: Income pre-test and post-test diagrammatical representation of the self-esteem data

For self-esteem, there was a slight increase for the two higher income groups while for the lowest income group, the mean decreased from pre-test to post-test. Compared to the self-esteem scores, all three income groups showed an increase in self-efficacy scores, with the sharpest increase being in the highest income group.

5.3.5.3 Loan amount

Even though the loan amount did not show a highly loaded main effect, it was involved in a significant interaction with time. Table 21 captures the post hoc analysis of the comparisons of groups based of loan amounts.

Table 21: Loan amount Scheffé test comparisons

Pairwise Comparisons - Loan amount							
Dependent Variables	Loan amounts compared		Mean Difference (I-J)	Std. Error	Sig.^{d}	95% Confidence Interval for Difference^{d} Lower Bound	Upper Bound
Self-esteem	R1500 - 3000	R3001 - 6000	-1.784^{*,b,c}	.823	.034	-3.425	-.143
		R6001 - 9000	-2.911^{*,b,c}	.851	.001	-4.607	-1.215
		R9001 - 12000	-1.981^{b,c}	1.101	.076	-4.174	.213
	R3001 - 6000	R1500 - 3000	1.784^{*,b,c}	.823	.034	.143	3.425
		R6001 - 9000	-1.127^{b,c}	.773	.149	-2.667	.414
		R9001 - 12000	-.197^{b,c}	1.042	.851	-2.273	1.879
	R6001 - 9000	R1500 - 3000	2.911^{*,b,c}	.851	.001	1.215	4.607
		R3001 - 6000	1.127^{b,c}	.773	.149	-.414	2.667
		R9001 - 12000	.930^{b,c}	1.064	.385	-1.190	3.050
	R9001 - 12000	R1500 - 3000	1.981^{b,c}	1.101	.076	-.213	4.174
		R3001 - 6000	.197^{b,c}	1.042	.851	-1.879	2.273
		R6001 - 9000	-.930^{b,c}	1.064	.385	-3.050	1.190
Self-efficacy	R1500 - 3000	R3001 - 6000	-1.561^{b,c}	.917	.093	-3.388	.266
		R6001 - 9000	-2.605^{*,b,c}	.948	.008	-4.493	-.717
		R9001 - 12000	-2.283^{b,c}	1.226	.066	-4.726	.159
	R3001 - 6000	R1500 - 3000	1.561^{b,c}	.917	.093	-.266	3.388
		R6001 - 9000	-1.044^{b,c}	.861	.229	-2.759	.671
		R9001 - 12000	-.722^{b,c}	1.160	.535	-3.033	1.589
	R6001 - 9000	R1500 - 3000	2.605^{*,b,c}	.948	.008	.717	4.493
		R3001 - 6000	1.044^{b,c}	.861	.229	-.671	2.759
		R9001 - 12000	.322^{b,c}	1.184	.787	-2.038	2.682
	R9001 - 12000	R1500 - 3000	2.283^{b,c}	1.226	.066	-.159	4.726
		R3001 - 6000	.722^{b,c}	1.160	.535	-1.589	3.033
		R6001 - 9000	-.322^{b,c}	1.184	.787	-2.682	2.038

The results showed that the source of the difference was when the group that was loaned the lowest amount (R1500 – R 3000) was compared mainly with the group that was loaned R6001 – 9000, followed by the comparison of the same group with the group that was loaned R3001 – 6000.

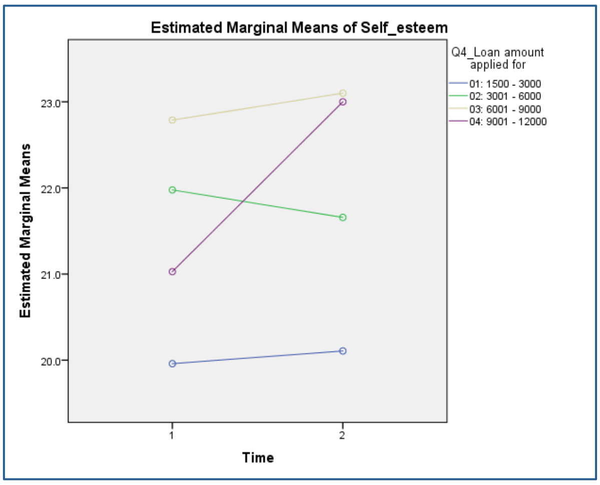


Figure 28: Loan amount pre-test and post-test diagrammatical representation of self-esteem means

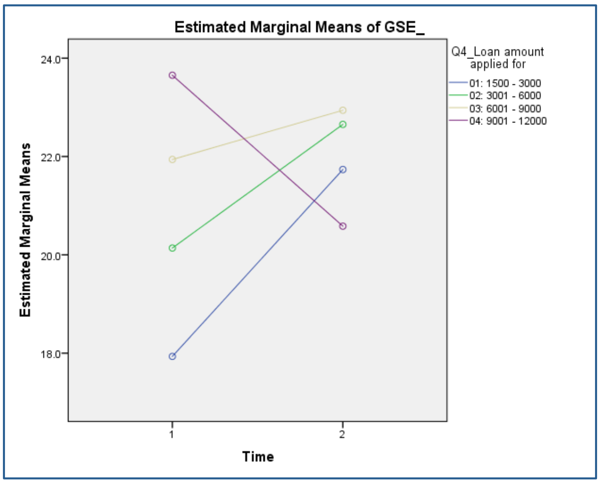


Figure 29: Loan amount pre-test and post-test diagrammatical representation of self-efficacy means

Figure 28 shows that except those who were loaned an amount of R 3001 and R 6000, there was an increase in the self-esteem of participants from pre-test to post-test. The increase was sharper in the group that received the highest loan than in the other groups. As captured in Figure 29, the self-efficacy scores of the group that received the highest loan decreased from pre-test to post-test while all of the other scores increased.

5.3.5.4 Loan received vs loan declinded group

The results in Table 22 show that the main source of the significant main effect in the multivariate test was due to the difference between the groups on the self-esteem variable and the collective main effect of covariates.

Table 22: Loan received versus loan declined test comparisons

Pairwise Comparisons: Loan received vs Loan declined							
Dependent variables	Groups compared		Mean Difference (I-J)	Std. Error	Sig.[d]	95% Confidence Interval for Difference[d] Lower Bound	Upper Bound
Self-esteem	Approved	Declined	2.132[*,b,c]	.854	.015	.430	3.834
	Declined	Approved	-2.132[*,b,c]	.854	.015	-3.834	-.430
Self-efficacy	Approved	Declined	1.210[b,c]	.951	.207	-.685	3.106
	Declined	Approved	-1.210[b,c]	.951	.207	-3.106	.685

Having established that the source of the significant main effect in the multivariate test was due to the difference between the groups on the self-esteem variable, it was important to understand the pattern of difference. Figures 30 and 31 present the nature of the difference between the micro-financed group and the micro-finance declined group.

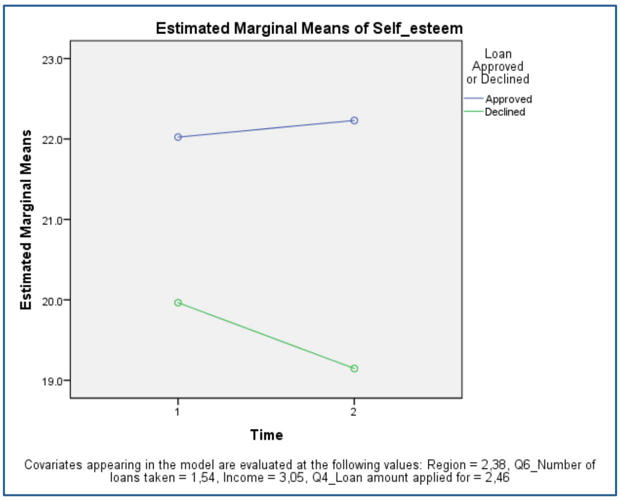


Figure 30: Loan received versus loan declined pre-test and post-test diagrammatical representation of self-esteem

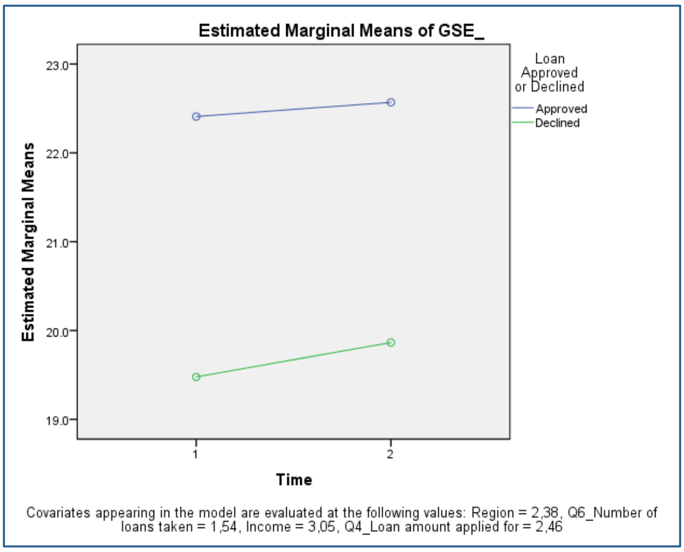


Figure 31: Loan received versus loan declined pre-test and post-test diagrammatical representation of self-efficacy

Figure 31 shows an increase in the mean of those who received micro-finance and a sharp decrease in the self-esteem of those who did not receive micro-finance. This marked difference in the two means of self-esteem scores is significant and is the source of the difference between the micro-financed and those not micro-financed. Unlike the self-esteem scores, the self-efficacy scores showed a slight increase in both groups and the difference between the means was non-significant.

The results imply that working together with region, income and loan amount, micro-finance provision led to a significant increase in the self-esteem variable in this study. Given this result, the null hypothesis was rejected in favour of the alternative hypothesis. Thus, it is concluded that there was a cumulative significant difference in the self-esteem and self-efficacy of the group that received micro-finance than the group that did not receive micro-finance. The section that follows concludes this chapter.

5.4 Conclusion

This chapter presented the results from the statistical analysis of the data. The first part used descriptive statistics to describe the sample's demographic characteristics. The psychometric properties of the measurement scales showed that they were valid and reliable in the context of this study. The first part concluded by giving an account of the distribution properties of scores, with scores meeting the expected normal distribution criteria. The second part discussed the statistical procedures used in testing the hypotheses in the study. It started by analysing the effect of attrition by using both the chi-square and t-test analysis. A presentation of the Pearson product correlation coefficient results aimed at determining the relationship that exists between micro-finance, and self-esteem and self-efficacy. This was followed by an ANOVA test to identify covariate demographic variables in the study that were to be included in further analysis. Lastly, MANCOVA and a post hoc group comparisons test were used to determine the impact of micro-finance and identified covariates on self-esteem and self-efficacy.

The chi-square and t-test results gave reason to believe that attrition did not have a major effect on the representativeness of the sample. The Pearson correlation coefficient showed a small to medium effect size, but positive relationship between micro-finance and the two dependent variables. The ANOVA test found that region, income, loan amount and number of loans were significant covariates in the study. It further showed a non-significant difference between the two groups (loan received and loan declined) prior to micro-finance in the pre-test, but a significant difference in the post-test on both dependent variables. The MANCOVA together with the univariate within-subjects analysis confirmed the ANOVA results as they showed a non-significant difference when same groups (within-subject) were compared but a significant difference when the two groups (between-subjects) were compared on both dependent variables. The post hoc test assisted in determining where the main sources of the significant difference between the groups lay.

In concluding this chapter, the obtained results implied that the null hypothesis is rejected in favour of the alternative hypothesis and it is concluded that there was a significant difference between the self-esteem and self-efficacy of the group that received micro-finance and the group that was declined micro-finance. The next chapter presents a discussion of the results, interpretation, possible implications and limitations of this study.

CHAPTER 6

DISCUSSION, LIMITATIONS, RECOMMENDATIONS AND CONCLUSION

6.1 Introduction

As the last part of this research study, this chapter integrates the work discussed in the previous chapters. It captures the essence of this research project by discussing interpretation of the results, the limitations of this study, recommendations for further research and conclusions made. The previous chapters presented the current debates on micro-finance, definitions of concepts and variables in this study, and the objective of the study. Chapter Two presented a discussion of the literature in the different views on micro-finance, where the complex picture presented by current empirical research reviews of the impact of micro-finance on the poor found controversial (and inconclusive) findings. Emphasis was placed on the fact that current information and evidence givea mixed picture, showing successes as well as some limitations (see Cheston & Kuhn, 2002; Karlan & Zinman, 2010; Makina & Malobola; 2004).

In Chapter Three, the theoretical framework (critical theory) of the study was presented with particular emphasis on the relevance of critical theory today and how this research study relates to it. In line with the liberation goal of critical theory, the relationship between micro-finance, and self-esteem and self-efficacy was explored to determine if micro-finance is positively or negative related to these two psychological concepts. Information gathered in this study will help shed light on the current debate on whether micro-finance is beneficial or detrimental to the poor and advocate for the necessary change. Chapter Four built on these and presented the research methodology, ethical considerations, and the validity and reliability of this study. The results of the study were discussed in Chapter Five. The results showed a small to medium positive, but significant, relationship between micro-finance, and self-esteem and self-efficacy. The results further revealed a significant difference between the experiment and control groups that suggests that micro-finance does lead to increased self-esteem.

This chapter provides a discussion of the results of the study and the interpretation thereof. It then goes on to build on the previous chapters by pointing out the limitations of the study in light of the challenges that were presented in Chapter Four. Given the presented interpretation of the results, recommendations are then made to help guide future studies or projects on micro-finance. The chapter concludes by summarising the results, interpretations and the research implications.

6.2 Discussion of results

In Chapter Two, it was pointed out that the impact of micro-finance is not a simplistic debate on whether micro-finance is transformative or ruinous; it is much more complex. Thus far literature reviews of empirical research of the impact of micro-finance on the poor have highlighted controversial (and inconclusive) findings (Makina & Malobola, 2004). According to Duvendack and Palmer-Jones (2012), some putatively rigorous studies have suggested social and economic benefits from micro-finance while others (e.g. Bateman & Chang, 2009) have argued that micro-finance is neither always beneficial nor rigorously demonstrated. The study adds an empirical view to the current debate by discussing the findings of this research endeavour – the psychological study of the relationship between micro-finance and the self-esteem of the poor in South Africa.

6.2.1 The significant positive relationship between micro-finance, self-esteem and self-efficacy

As captured in the previous chapter, the results showed a significant small to medium and positive relationship between micro-finance and self-esteem. This significant positive relationship between micro-finance and self-esteem is in line with previous research findings. A study by Afrane (2002) concluded that "the positive impacts [of receiving micro-finance] included enhanced public respect and acceptance, self-esteem, participation in community activities, monetary contributions to social projects, and empowerment of women" (p. 55). Vincent (2002) echoed the same sentiments; he contended that micro-finance helps the poor to access financial services and provides a valuable tool to the economic development process. He went on to posit that access to banking and increased security promotes a sense of entrepreneurship, and thus, the recipients' self-esteem and reputation increase.

Similar findings were reported by Chowdhury (2009) in his critical appraisal of the debate on the effectiveness of micro-finance as a universal poverty reduction tool, where he argued that borrowers of micro-finance benefitted from learning-by-doing and from increased self-esteem. He not only propounded a positive relationship, but maintained that micro-finance “gives the unemployed and the poor some opportunities, hope and self-esteem” (p. 9). Thus, being employed (whether self-employed or by an employer) gives one a sense of self-respect and dignity.

Recent studies (see Bechetti & Conzo, 2013; Geetamma & Bulla, 2013) have continued to purport that even if micro-finance does not reduce poverty immediately, mere access to finance is a workable solution to make the poor become entrepreneurs and enhance their self-esteem. Bechetti and Conzo (2013) provided empirical findings from a sample of poor borrowers in the suburbs of Buenos Aires that supports the notion that micro-finance membership positively affects dignity, self-esteem, social recognition and life satisfaction. A more recent study by Balkenhol et al.(2014) on microcredit and employment, found out that jobs created through microcredit positively contribute to entrepreneurs’ income and self-esteem. They further maintained that “beneficiaries often show themselves to be more optimistic, motivated and to have more self-esteem” (p. 30). In line with this assertion, the results of the present study support the hypothesis that a significant positive relationship, albeit small to medium, exists between micro-finance and self-esteem and self-efficacy.

Currently, very few research studies have been conducted to investigate the relationship between micro-finance and self-efficacy. The results of this study are largely consistent with the little research that is available: the results point to a positive relationship between the provision of micro-finance and self-efficacy. Perhaps the best statement that captures the positive link was made by Bayulgen (2008) when he maintained:

> I argue that the link between microcredit and political empowerment is self-efficacy and social capital, which can be generated from a particular form of microcredit lending where clients apply for loans as a group and share responsibility for repayment (p.1).

In the same year, Rajouria (2008) examined the empowerment of low-income Nepalese women from squatter communities who participate in micro-finance programmes. Using regression analysis, Rajouria's study found a significant correlation between the level of self-esteem, and self-efficacy and the amount of time the subjects participated in micro-finance programmes: This may mean that participation in micro-finance might have enhanced these factors. Unlike the results of this study, and discussed in the paragraphs that follow, Rajouria found that participation in micro-finance programmes had significant positive effects on self-esteem, self-efficacy and contribution to family income.

Subsequently, Valadez and Buskirk (2011) came to a similar conclusion and maintained that the essence of micro-finance is that it provides the poor with the tools to improve their own defined quality of life with dignity and self-efficacy, and creates a new breed of entrepreneurs among the poor. In a more recent research study, Ciccaglione (2014) not only argued that micro-finance has demonstrated the ability to deliver financial services to impoverished people who otherwise would not receive these services because of high transaction costs, risks and lack of collateral, but further maintained that micro-finance is positively related to improved self-efficacy. He concluded that individual micro-finance borrowers see higher levels of improved self-efficacy from programme involvement that leads to political empowerment. According to Woller and Parsons (2002), the preponderance of evidence suggests the existence of a range of positive impacts, but the nature of these impacts and the causal impact chain are highly variable and less straightforward than often portrayed in the promotional brochures of micro-finance institutions.

The results achieved in this study support the research hypothesis that there is a relationship between micro-finance, and self-esteem and self-efficacy. While a positive relationship has been established, these findings do not prove a simple causal link between micro-finance, and self-esteem and self-efficacy. It shows that there might be covariates that enable micro-finance to positively impact on these two dependent variables. The next discussion focuses on the difference found between the experimental and control group.

6.2.2 The impact of micro-financeon self-esteem and self-efficacy

In Chapter Five, the results showed that when the pre-test and post-test of the same group (within-subject) were compared the difference in means was non-significant, but when the means of the two groups (between-subjects scores) were compared, a significant main effect was obtained. It is important at this point to mention the important role played by covariates in this study. The ANOVA and MANCOVA analyses showed that there were covariates that contributed to the overall impact on the dependent variables. The three covariates, region, income and loan amount showed significant interaction with time while region and income contributed highly on the main effect or impact on the dependent variable. Hair et al. (2014) maintained that the most important role of the covariates is the overall impact and ability to improve the statistical power of the tests and reduce within-group variance.

Given the findings, the two main contributors to the main effect are region and income. Although the study could identify where regional differences were, it could not provide in-depth information on how and why the two covariates contribute to increased self-esteem. Compared to North West and Gauteng, KZN has more co-operative financial institutions or CFIs (see Bank Seta, 2013). A CFI is the umbrella term for member based deposit taking and loan granting financial co-operatives that are owned and controlled by their members. Co-operatives are a good source of financial education and information for members. Thus, participants from that region may have received the benefits of financial education and empowerment programs learned from CFI initiatives. Given this, there was reason to believe that the regional differences are mainly the result of factors such as different levels of poverty, cultural dynamics within regions, level of micro-financing penetration and socio-political dynamics in the regions. This limited insight into regional differences in the self-esteem and self-efficacy of participants calls for more research to be conducted in order to understand the factors that contribute to self-esteem and self-efficacy in South African regions or provinces.

To interpret the role of income in the study, a brief look at old and new literature provides some answers. Previous research mainly suggests a positive and causal association between self-esteem and income. An early study by Langner, Herson, Greene, Jameson and Goff (1970) investigated the relationship between income and self-esteem with a population of Manhattan school children and found that self-confidence was at its lowest among low-income boys, but found no differences across income in girls. While their study showed differences across gender lines, the results of this study showed that gender was not positively or negatively associated with both self-esteem and self-efficacy. Given these results, there is no reason to believe that gender plays a role in the relationship between micro-finance, and self-esteem and self-efficacy. While there is abundance of literature on the importance of micro-finance for gender equality and women empowerment (see Change, 2008; Kato & Kratzer, 2013), the literature review shows that there is little or no research that focuses on the impact of micro-finance on gender. Given the importance of gender in poverty alleviation debates, it is important that the role of gender in poverty alleviation strategies (especially micro-finance) be investigated empirically.

Twenge and Campbell (2002) maintained that people with high education, high occupational prestige and high income are often treated with respect and consideration, which may lead to higher self-esteem. Adler and Stewart (2004) argued that income is related to a family's access to particular resources, which could enhance self-esteem. They further maintained that poverty has been shown to bring a variety of stressors to a family, and those stressors, both directly and indirectly, might also influence self-esteem. Research in economics suggests a positive association between self-esteem and earnings or income. Drago (2011), in his study on self-esteem and earnings, found a causal effect of self-esteem on earnings and maintained that poor self-esteem during adolescence predicts low earnings during adulthood. He further maintained that the effect of self-esteem is at least as large as the effect of cognitive ability. The findings in this study are thus in line with the above research findings that income is related to increased self-esteem.

Having looked at the role played by the important two covariates, the focus is now placed on the impact of micro-finance and on the study's dependent variables. Firstly, the results showed that even if micro-finance is positively related to self-esteem and self-efficacy, it is not simple and easy to detect a notable change to the self-esteem/self-efficacy of the participants within the same group. This is because differences between the means within the same groups did not prove to be significant until a comparison between the experimental group and control group post-test was carried out using the t-test for independence. Thus, the addition and use of the control group made it possible for the cumulative effects of micro-finance on self-esteem and self-efficacy to be seen.

As discussed in Chapter Four, time-related variables such as maturation and history were partially accounted for and could have not been the cause, particularly because this difference is observed during the pre-test measures. It was even mentioned that both the experimental and control group have probably been subjected to the same environmental conditions as they come from the same population. The pre-test comparison of the two group means showed no significant difference between the two groups – implying that the self-esteem and self-efficacy of the two groups were the same before administration of micro-finance. A substantial difference in self-esteem and self-efficacy between the groups manifested itself only on the post-test measures. Thus, there must be something unique or a factor that accounted for the difference. In the context of this study, this significant difference between the experimental and control groups (higher self-esteem and self-efficacy in the experiment group) found only in the post-test measures is attributed to micro-finance.

The results of this study support a recent assertion that participating in micro-finance services high increases self-esteem (Kato & Kratzer, 2013). In their research study in three regions of Tanzania, Kato and Kratzer used both quantitative and qualitative data to show that women members of micro-finance institutions (MFIs) are more empowered compared to non-members in non-programme areas. In total 454 women (305 members of MFIs and 149 non-members) participated in the survey and 10 women in the in-depth interviews. Although this study can be criticized because of self-selection bias (see Banerjee et al., 2014) the results showed a significant positive difference between the micro-finance clients and non-clients. The data in this study was analysed using the Mann-Whitney U test and a significant difference between members of micro-finance clients and non-clients in terms of decision-making, greater self-efficacy and self-esteem was found.

An observation made by Duvendack and Palmer-Jones (2012) was that despite the huge expansion and popularity of micro-finance, there is little convincing evidence that micro-finance programmes have huge positive impacts, especially on self-esteem (see Bateman, 2011; Duvendack et al., 2011; Stewart et al., 2010). The results of this study lend empirical credence to the debate on micro-finance and affirm the assertion that micro-finance provision leads to increased self-esteem. These results show that self-esteem and self-efficacy is positively affected by micro-finance, unlike other studies conducted on the impacts of micro-finance (e.g. Banerjee et al., 2014; Morduch, 1999) which found no changes in any of the development outcomes that are often believed to be affected by micro-finance including health, education, and women's empowerment. Morduch (1999) wrote that the win-win argument promising poverty alleviation with profits has moved far ahead of the evidence, and even the most fundamental claims remain unsubstantiated. Contrary to Morduch's statement, the present study substantiates and lends credible evidence to the micro-finance debate. The results not only support a significant positive relationship, but a causal link between micro-finance, and self-esteem and self-efficacy.

Secondly, the results give credence to the assertion that self-esteem, as measured by the Rosenberg self-esteem scale, appears to be a relatively stable trait that reflects general life satisfaction and affective symptoms rather than objective functional status. As mentioned in the preceding paragraphs and in line with Makina and Malobola (2004), the results found a small to medium, but significant correlation between micro-finance and self-esteem. A startling observation in this study is that when the pre-test and post-test means of the same group were compared, the difference was found to be non-significant, but only when the post-test means of the experimental and control groups were compared, a significant difference was obtained. Without the use of the control group, these results could have led to the conclusion that micro-finance does not lead to increased self-esteem and self-efficacy of poor recipients. Several factors may explain this observation. According to Torrey, Mueser, McHugo and Drake (2000), one explanation is that the trait-like nature of global self-esteem and self-efficacy make them insensitive to life changes. Another is that self-esteem is too distant from micro-finance-induced functional improvements to register a change; even when micro-finance does lead to a highly significant difference within the same group. Thus, self-esteem, as measured by the Rosenberg self-esteem scale and self-efficacy as measured by the GSE scale may be relatively stable traits and reflect general life satisfaction and are unlikely to show marked improvement in the period under observation within the same group. Self-esteem has been debated at length by researchers as to whether it shows normative age changes with some (e.g. Wylie, 1979) concluding that self-esteem does not show systematic increases or decreases at any point in the life span. In this regard Torrey et al. (2000), advised that because self-esteem is a more complex concept than affect, future researchers who obtain significant findings involving self-esteem should evaluate whether scales that directly measure affect can explain their findings more simply.

The current results paint a picture of changes in self-esteem and self-efficacy for individuals after receipt of micro-finance. The study lends empirical evidence that working together with some covariates, micro-finance has a positive psychological impact on recipients; in this case, an increase in the self-esteem of the recipients. Given these findings, micro-finance can be regarded as a viable means to increase the self-esteem or self-efficacy of the poor. It is thus important that interveners continuously and critically assess the effects that their programmes are having in practice (Duvendack & Palmer-Jones, 2012). In addition, it is crucial that micro-finance be part of a concerted effort to help the poor, an effort that includes education or empowerment. The theoretical implications of this study are discussed in the section that follows.

6.3 Theoretical implications

The results achieved in this study have some implications in light of critical theory. The theory calls for a change in the current status quo whereby the oppressed are emancipated from that which oppresses them. In Chapter Two it was mentioned that micro-finance is the provision of funds, usually by the wealthy to the poor, with the noble intention of helping them to overcome the traps of poverty. It is a weapon that can be used with good intentions and bad intentions. Thus, it is possible that it can easily be used by the rich to enrich themselves at the expense of the poor if left unmonitored. That being the case it could lead to spiralling indebtedness (where clients borrow to pay back other debts) and could be one reason clients keep coming back, thus, perpetuating the status quo. The current debate about micro-finance leading to high self-esteem is hereby supported by the results of this study and in critical theory language, micro-finance practitioners and providers are encouraged to continuously remain vigilant and evaluate impacts of different micro-finance programmes on the poor and ask – is this particular micro-finance programme really emancipating the poor from poverty?

The guiding notion of critical theory is parity of participation in a democratic manner where participants are recognised as equals. The results of this study suggest that offering micro-finance can lead to unseen psychological impacts on the self-esteem or self-efficacy of recipients. One of the factors is that for the poor have not been recognised as equal participants – their voice has not been heard. Too often micro-finance programmes and subsequent research studies that do not give participants opportunities to express themselves are used. The notion of democracy calls for equal participation and recognition in the development of micro-finance programmes and the evaluation of its impact. Thus, according to this critical theory principle, the true impact of micro-finance on the poor will be achievable, acquired and maintained, only intersubjectively, through relationships of mutual recognition.

According to Bernstein (2005), some social struggles are driven by self-interested conflicts over resources. Once the ideology of instrumentalist reason is undermined, one can see these struggles as also giving expression to moral claims that can serve as normative standards. As alluded to in the preceding paragraph, micro-finance can be used to perpetuate the status quo whereby the rich enrich themselves by using the poor and using various pretexts to justify its logic. This research highlights the need to fully explore the impact of micro-finance and the establishment of mutual participation or recognition where the poor fully participates, if the true impact of micro-finance is to be grasped.

In Chapter Three, Habermas' concept of public sphere, which is both an idea and an ideology, was discussed. The impact of micro-finance has long been in the public space, but dominated by views of providers. The results of this study showed a significant small to medium positive relationship between micro-finance and self-esteem, but not an easily detectable or simple notion of causality. It needs rigorous and critical measurements instruments. Critical theory propounds that the public sphere is a space where subjects participate as equals in rational discussion in pursuit of truth and the common good. Seen through the lens of critical theory, discussion on micro-finance should be based on robust and rigorous partnership that occurs in the public space. It suggests that evaluating micro-finance should be an initiative underlined by robustness, looking at all possible sides that include partnerships with the poor for mutual gain. By so doing, both sides in the micro-finance system, the lender and the borrower can enjoy micro-finance.

Given that the results of the study do support the hypothesis that provision of micro-finance leads to high-self-esteem and self-efficacy, one wonders to what extent does the disapproval of micro-finance to applicants affect them. Does it lead to a decrease in self-esteem or self-efficacy and what will be the associated consequences? Even though the observed decrease in the post-test mean of those declined micro-finance did not prove to be significant, questions about its impact on the declined still lingers and need to be reflected upon. Critical theory calls for self-reflection. This has immense implications for researchers, micro-finance providers and recipients. It calls for critical soul searching and questions like – “what are the impacts of denying the poor applicants micro-finance?” Are we driving our own values or are we succumbing to current stereotypes, persuaded by media rhetoric by only looking at those who received funding? Are we genuine to the field of research and wanting to contribute positively to improve and free the poor from the shackles of poverty and inequality? By self-reflection we will be able to provide critical and genuine answers to these questions, which will free us from repeating the mistakes of those who came before us.

Recipients must also do self-introspection. They have to ask themselves critical questions like what is the driving force behind the quest to request funds – is it for gratifying immediate hunger, resolving a current financial problem faced with, or to genuinely improve their lives and that of their families? Is micro-finance the only way that can move them away from the current poverty ridden situation towards a better life? What other options do they have if their micro-finance applications are declined? It is this needed self-reflection that will enable the poor to boost their self-esteem and effectively use their energies and abilities to rise above their situation. In light of the study results, answering these questions will enable them to see micro-finance as a means to an end, not as an end in itself.

Critical research propounds that as researchers we should recognize that our studies are not value free. In other words, researchers need to be clear in terms of where we stand and where we want to go. The results of this study bring an empirical validation that confirms the current rhetoric about micro-finance leading to an increase in self-esteem. In line with critical theory, researchers should avoid perpetuating political dominance and social ills by endorsing statements that may sound true about the benefits of micro-finance, but which are not founded on thorough empirical research. Most statements are tempting, sound logical and true, but are not backed by rigorously validated facts. They are based on values that may be helping to keep the status quo between the rich and the poor, and thus, not leading to human emancipation. In the face of the current research results and lessons from critical theory, it was at first difficult to understand and accept the non-significant findings when comparing the same groups' pre-test and post-test means. Upon reflection, He accepted that the results have theoretical meaning in that the true impact of micro-finance on the poor will be achievable and maintained through rigorous empirical research that entails a need for self-reflection, relationships of mutual recognition and a look at both the positive and negative impacts.

6.4 Practical implications for the world of micro-finance

In the light of this study's findings and the theoretical implications discussed in the preceding paragraph, practical implications based on inclusivity and self-reflection are suggested that affect researchers, providers and recipients. The discussion that follows summarise the practical implications made to these role players involved in the world of micro-finance.

Researchers in the field of micro-finance need to rigorously include both quantitative and qualitative measures to capture the impact of micro-finance when investigating its relationship and impact on self-esteem and self-efficacy. Given the findings of the within group design (no significant difference between pre-test and post-test measures within the same group), the impact of micro-finance on self-esteem and self-efficacy need rigorous measurement techniques. Thus, researchers should employ measurement scales that enable the probing into other factors such as self-motivation that affect behaviour. This needs to be coupled with a genuine sense of self-reflection so as to critically and genuinely provide empirical answers on both the positive and negative impacts of micro-finance on recipients and non-recipients. This limited insight into regional differences in the self-esteem and self-efficacy of participants calls for more investigations to be conducted to understand the factors that contribute to different self-esteem and self-efficacy in South African regions or provinces.

Practical implications affecting micro-finance providers or micro-finance practitioners stem mainly from the fact that the findings of the present study suggest that the impacts of micro-finance may not be one directional. Thus, while it may be experienced positively by recipients, it may as well impact those who are denied micro-finance negatively. This underpins the importance of arming micro-finance applicants or future applicants with knowledge relevant to self-esteem and self-efficacy. Thus, it is hereby suggested that micro-finance be offered as part of a concerted effort that includes education, empowerment and inclusion of those supposed to benefit in tailoring the programmes. This implies that providers should include educational elements in their programmes that will inculcate entrepreneurial skills, give borrowers more motivation, confidence, ambition and financial skills. Most importantly, the results suggest that an increase of self-esteem to the recipients of micro-finance and a decrease of self-esteem to those who are denied of it, it is important that micro-finance providers continuously assess the effects of their programmes on both recipients and non-recipients.

In light of the theoretical implications discussed in the preceding section, micro-finance recipients should seek to actively participate in micro-finance programmes. They should actively look for opportunities to be included as equal participants in the development of micro-finance programmes and its evaluation. Recipients should not shy away from taking action to ensure that their voice is heard, thus, their suggestions are recognized and considered in the micro-finance world.

6.5 Contribution of this research to the field of economic psychology

This study makes several contributions to the literature. First, this study adds to the relatively small amount of rigorous research on the impact of micro-finance, and self-esteem and self-efficacy. It enriches available research knowledge on the relationship between micro-finance and self-efficacy by using a pre-test-post-test non-equivalent control group design.

Second, the present study empirically sheds light on the relationship existing between micro-finance and self-esteem and self-efficacy, with particular emphasis on the psychological factors that affect the self-esteem/self-efficacy of the recipients. It not only contributes to the current debate on the importance of the impact of micro-finance on the poor, but offers empirical evidence for both researchers and practitioners to gain a better understanding of how micro-finance can affect the recipients and other factors or variables that impact the relationship. It brings to attention other variables that play a role in the positive impact and calls for further exploration of the role of these variables. Micro-finance forms an important part of providing financial access to the poor, not only due to materialistic effects, but also for psychological ones. It is thus of cardinal importance to gain a better understanding of how micro-finance affects the poor, in this case, the self-esteem and self-efficacy of poor South Africans. This study offers another way of looking at and understanding the impact of micro-finance on the poor, by focusing on how their self-esteem is related to the provision of micro-finance, in a South African context.

The current research helps bridge the gap between the anecdotal deliberation on micro-finance and self-esteem, and leads to an evidence based researched deliberation. The study's contribution to research and the need to study micro-finance across various programmes and environments is underlined by Starita (2008)'s observation when she maintained:

> The reality is that there has not yet been a controlled trial on the impact of the standard micro-finance product. Put another way, all of the above-mentioned "received facts" about what is accomplished by giving people access to small lines of credit have been based on anecdote. The reality is that no one knows what impact, if any, micro-credit has on the lives of the poor (p.1).

In the interest of paving the way for the economic viability of poor South Africans, this research offers another way of looking at and understanding the impacts of micro-finance on the poor. It supports recent and previous research findings (e.g. Balkenhol et al., 2014; Rajouria, 2008) that revealed a causal link between micro-finance, and self-esteem and self-efficacy. The results suggest that even though micro-finance leads to an increase in the self-esteem of its recipients, it may lead to a decrease in self-esteem and self-efficacy of those denied of it. This assertion was supported by the observed decrease in the post-test mean of the control group after being declined micro-finance. In light of the achieved results, a causal link can be justified.

6.6 Strengths of this study

A study on micro-finance does not easily lend itself to the randomisation of participants to groups. One cannot assign respondents to a group that gets finance and deny others funding in the name of research. Secondly, it is not possible to know which people to include prior to them indicating that they need funding and thus, it is not easy to identify or choose participants. This lack of prior knowledge and ethical constraint make it impossible to randomly assign participants into groups. To strengthen the study, the following strategies were adopted:

6.6.1 Use of within-subjects and between-subjects designs

The use of both the within subjects and between subjects designs in the study increased the internal and external validity in the study. The within-subject design is characterised by using a single group of participants, and it tests each individual in all of the different treatments being compared. It is the ultimate in equivalent groups because the group in one treatment condition is absolutely identical to the group in every other condition (see Gravetter & Forzano, 2012). In this study, it was used to evaluate the influence of the intervening treatment by comparing the observations made before treatment with the observations made after treatment, for the experiment group, at two different times.

The primary advantage of the within-subjects design is that it strengthens the internal validity by essentially eliminating all of the problems based on individual differences that are the primary concern in a between-subjects design. In the study, 60% of the participants appeared in both the first observation (pre-test) and second observation (post-test) conditions and thus, each individual served as his/her own control or baseline. Thus, the within-subjects design reduces variance and reveals treatment effects that might not be apparent in a between-subjects design.

One advantage of a within-subjects design is that it requires relatively few participants in comparison to between-subjects designs. As mentioned in Chapters Four and Five, participants in this study were not easy to find and because the within-subjects study required only one group, it was particularly useful in this situation where participants were difficult to find. Although this design assisted in strengthening the internal validity of the study, it has its weaknesses, for which one had to look out and to compensate. A serious concern of within-subjects designs comes from the fact that two measurements were made over time. During the three month period between the first measurement and the second measurement, participants may have been influenced by a variety of factors, both environmental and time-related, other than the micro-finance provision under investigation, and these other factors may have affected the participants' scores. If this is not catered for, then the internal validity of the study is threatened because a change in a participant's score from one treatment to the next could be caused by an outside factor instead of the different treatments. To cater for this glaring threat, a between-subjects design was used.

6.6.2 Addition of a control group

The addition of a non-equivalent group or the establishment of the between-subjects group helped increase both the internal and external validity of this research in various ways. The circumstances of the research study did not permit the researcher to control the assignment of individuals to groups and thus, the experimental and control groups consisted of non-equivalent participants. The control group strengthens the study and brings more rigour as it helps account for extraneous factors that bedevil the within-subject design, in particular maturation, history, statistical regression and instrumentation (see Gravetter & Forzano, 2012). Skoufias, Sanchez, Olinto, Karlan, and Amigo (2006) maintained that an evaluation without a control group can document changes, but it can never attribute these changes with certainty to a project or programme. They succinctly captured the importance of a control group by contending that:

> A valid control group is essential for any evaluation that attempts to attribute observed changes over time to actions of specific programs since, at the operational level, other unknown and unexplained factors, in addition to the intervention, may also contribute to changes in the project area. In a well-

designed and executed evaluation, the control group detects and adjusts for changes that are unrelated to the project, while the intervention group detects changes due to the project. Therefore, changes in the intervention group minus those in the control group should reveal impacts attributable only to the intervention (p. 8).

To gain higher external validity, the study occurred as naturally as possible whereby participants applied for micro-finance as they would in their natural environment or in their real-world. Participants were interviewed after they had naturally applied for micro-finance at AMEF offices, thus, they applied without being coerced and without prior knowledge of the study. Most importantly, the pre-test scores were taken after application before participants could be informed about the results of their application – before they can receive or be declined of funds. At this point, the general characteristics like motivation of a micro-finance applicant were the same as they came from the same environmental conditions. Although the application process helped minimize the lack of random assignment and ensured that sample characteristics were equally distributed in the study, it is acknowledged that it may have confounded the results. It is a double-edged sword that is explained further in the section on the limitations of the study. After applications were processed by AMEF using their usual scoring system, a group that received micro-finance formed the experimental group and a group that was declined micro-finance formed the control group. Thus, the two groups of participants differed only on the provision of micro-finance or non-provision of micro-finance.

6.6.3 The use of pre-test-post-test non-equivalent control group design

In this study, one group was measured twice, once after micro-finance was applied for and once after the funds were received and used or funds were declined. The other group was measured at the same two points, but did not receive any micro-finance funds. The inclusion of the pre-test measures, together with the control group component, added rigour to the study. It strengthens the internal validity of this study by reducing the threat of assignment bias, threats from time-related factors, and can provide some evidence to support a cause-and-effect relationship (see Gravetter & Forzano, 2012). The lack of random assignment mentioned in this study is a serious limiting factor of the quasi-experimental design and by using the pre-test-post-test design the researcher minimized or at least partially eliminated this major limiting factor.

In this study, the differences in the two groups was assessed before micro-finance was administered to the experiment by using the t-test. The two groups were found to be similar on self-esteem and self-efficacy at pre-test and a significant difference found between the two means at post-test. The pre-test results brought confidence to the post-test findings as the non-equivalent groups came from the same environment and shared similar characteristics. This made it possible to rule out initial differences and any other explanations for the differences in the post-test measures except the provision of micro-finance. Thus, the difference between the two groups on the post-test measures – the high self-esteem and self-efficacy in the experiment group is attributed to the administering of micro-finance. The results showed a significant difference between the two groups and the null hypothesis was rejected and it was maintained that there is evidence that micro-finance leads to increased self-esteem of poor recipients.

6.7 Limitations of this study

The data collection method (face-to-face and telephonic interviews) used in this study holds limitations for this study. Firstly, an important weakness of the data collection method in this study is the interviewer bias. More than one interviewer was used that poses the risk that different interviewers influenced participants' natural responses in different ways. In face-to-face interviews, it is possible that that interviewer's personal characteristics such as friendliness, gestures made, could have elicited varied responses. On the telephone, the primary problem is exerting influence by tone of voice or by rephrasing questions (see Gravetter & Forzano, 2012). Thus, like with any other interview, interviewer bias could have distorted the results to a large extent.

Secondly, the collection method used measurement scales, which rely on self-report. According to Adler and Stewart (2004), the biggest limitation of all measures of self-esteem (including self-efficacy) is their susceptibility to socially desirable responding. They further maintained that most measures are self-report and it is difficult to obtain non-self-report measures of such a personal and subjective construct. While the Rosenberg self-esteem scale and GSE scale used in this study have been rigorously tested for reliability and validity, such tests do increase the confidence that a questionnaire is measuring what it claims to measure, but are not foolproof. Hoskin (2012) made mention of a number of reasons why the self-esteem questionnaire may not be entirely valid. In this study, the following reasons are worthy of noting:

- Honesty/Image management – Researchers who use self-report questionnaires are relying on the honesty of their participants. As observed by Breakwell et al. (2012), self-report measures depend on the participants' willingness to give accurate answers and they could lie or may not understand the questions. The degree to which this is a problem will undoubtedly vary with the topic of the questionnaire. It is possible that in this study, participants may have been less likely to be honest about measures relating to sensitive finance issues or about their feelings after using micro-finance. They may have been presenting themselves positively so as to give a socially desirable response or not to undermine their chances of getting future micro-finance assistance. The level at which participants wanted to manage how they appeared may have varied depending on personality, which means that the level of dishonesty may have varied significantly between different individuals.

- Understanding – Participants may also vary regarding their understanding or interpretation of particular questions. According to Hoskin (2012), this is less of a problem with questionnaires measuring concrete things like alcohol consumption, but is a very big problem when measuring more abstract concepts such as personality. It is possible that participants in this study were honest, but gave random answers to the questions. Even if some understood a question, it is impossible to ensure that every participant and interviewer interpreted that question in the same way.

- Introspective ability – It is possible that participants may lack the introspective ability to provide an accurate response to a question. Some participants may view themselves in a way (as happy) which is completely different to how others see them (unhappy). To some extent, humans are unable to assess ourselves introspectively completely accurately. Therefore, any self-report information provided may be incorrect despite participants' best efforts to be honest and accurate.

- Rating scales – The two questionnaires used rating scales to allow respondents to provide more nuanced responses. Rating scales can bring their own problems. People interpret and use scales differently - what one might rate as '8' on a 10 point scale, someone with the same opinion might only rate as a '6' because their interpretation of the meanings of the scale points is different. People have different ways of filling out ratings scales. Some people are 'extreme responders' who like to use the edges of the scales, whereas others like to hug around the midpoints and rarely use the most outer points. This naturally produces differences in scores between participants that reflect something other than what the questionnaire was designed to measure.

- Response bias – This refers to an individual's tendency to respond a certain way, regardless of the actual evidence they are assessing. As observed by Hoskin (2012), self-esteem scores tend to be skewed toward high self-esteem, with even the lowest scorers on most tests scoring above the mean and exhibiting fairly high levels of self-esteem. As Blascovich and Tomaka (1991) noted "an individual who fails to endorse self-esteem Scale items at least moderately is probably clinically depressed" (p. 123). This suggests that self-esteem scales are already susceptible to response bias and this casts doubts on the results of self-esteem studies.

In this study, participants were chosen on the basis of having applied for micro-finance with AMEF and not asked nor refused to participate if they applied at other institutions during the same period. Thus, it is possible that a participant might have applied for micro-finance or received micro-finance from other institutions. This is a confounding variable that may have brought bias into the participant's responses due to the fact that the answers he/she gave might have been partly influenced by receiving micro-finance from or being declined micro-finance from another institution.

Perhaps the most glaring limitation of this study is the generalisability of the results due to the sampling method used and in particular, the lack of random assignment (randomisation) of participants into the two groups. Gravetter and Forzano (2012) regarded randomisation as the use of a random process to help avoid a systematic relationship between two variables, and random assignment as the use of a random process to assign participants to treatment conditions. Random assignment is probably the most common method of establishing groups of participants. In spite of the mentioned advantage to counter plausible alternative explanations, the application process used in this study may have resulted in systematic relationships between extraneous variables and the independent variable, thus, allowing extraneous variables to become confounding variables. As mentioned by Shadish et al. (2002), focus on plausibility is a double-edged sword: it reduces the range of alternatives to be considered in quasi-experimental work, yet it also leaves the resulting causal inferences vulnerable to other implausible-seeming alternatives as likely causal agents.

When group assignment is based on a random process, it is reasonable to expect that characteristics such as age, motivation, IQ, and gender would also be distributed randomly across groups. Thus, it minimizes the potential for confounding variables because it is unlikely that any group is systematically older, or smarter, or more feminine than another. In this research study, random assignment or matching could not be used to minimize the individual differences between groups, hence, there was no assurance that the two groups were equivalent. Both probability and a non-probability sampling techniques which limited the generalisability of this study was employed.

In light of the limitations explained, it was acknowledged that the research approach and designs used in this study are not the only way that could have been used. Another researcher could have adopted other approaches, measurements techniques. As maintained by Shadish et al. (2002), the researcher has to enumerate alternative explanations, decide which are plausible, and then use logic, design and measurement that she/he deems fit to illuminate the research question. The difficulty is that all these alternative explanations are never completely enumerable and the methods to eliminate them vary from alternative to alternative and from study to study.

To maintain the study's rigour and compensate for the lack of randomisation, the strengths of the quasi-experimental design that was used in this study is explained in the section that follows

6.8 Recommendations and future research

In this section, general recommendations for improving research on the effect of micro-finance on the self-esteem and self-efficacy of poor recipients are made. This is followed by suggestions for specific projects that could emanate from the results of the current study.

6.8.1 Recommendations for research on micro-finance, self-esteem and self-efficacy

This study on the relationship between micro-finance and self-esteem suggests three main recommendations, mainly improving current methodologies, namely the inclusion and use of valid control groups, the use of different sampling methods and larger sample sizes. The second part of this section highlights suggestions for future research.

6.8.1.1 The use of various research approaches

Firstly, it is hereby recommended that further rigorous research, comprising of both quantitative and qualitative research approaches be carried out to establish the impact of micro-finance on the psychological factors of poor recipients. Quantitative research could explore and isolate other psychological factors, for example, self-confidence, and feelings of adequacy or inadequacy that are ingredients of self-efficacy. Researchers must consider using different quantitative research strategies, for example, experiments that allow random assignment of participants to experimental and control groups. This will ensure that all participants have an equal chance of being placed in any group and thus, reduce the chance of the two groups differing due to some pre-existing participants or environmental attributes such as age or time of the day.

Secondly, as maintained by Choy (2014), many important characteristics of people and communities, for example, perceptions and beliefs on micro-finance cannot be meaningfully reduced to numbers. In other words, they cannot be adequately understood by using only quantitative research methods without considering the subjective experiences, and cultural and local contexts in which people live. The use of qualitative methods will help gain in-depth information to better understand people's experiences, feelings, discourses and so forth. They will help us hear and understand the needs and desires of those whose voices have been silenced and marginalized, those referred as the "other" of reason. Similarly, the use of various qualitative strategies such as action research, and ethnography in studying the relationship and impact of micro-finance on recipients will enhance and improve current knowledge on the impacts of micro-finance.

Lastly, research to understand the world of micro-finance would benefit from longitudinal studies. A longitudinal research design like a cohort study follows and measures the same group of individuals at different points in time, whereas a cross-sectional research design compares separate groups of individuals with each group representing a different age (see Gravetter & Forzano, 2012). A review of the literature showed that while there have been a number of cross-sectional studies that investigate the impact of micro-finance on self-efficacy, there has not been any systematic, longitudinal empirical study mainly focused on the impact of micro-finance provision on self-efficacy.

6.8.1.2 The inclusion and use of valid control groups

A number of research studies on micro-finance have focused on micro-finance clients only or studies that compare micro-finance clients with non-clients who have not applied or are not interested in getting micro-finance. This observation was made by Minniti and Koppl (1999) when they posited that previous studies on micro-finance have been constrained by a range of methodological limitations, including a lack of control groups and cross-sectional designs. Valid control groups are needed for researchers to be confident in attributing observed changes to actions of specific programmes.

As observed by Hulme (2000), one of the difficulties associated with getting valid control groups in micro-finance studies is finding a location at which the control group's economic, physical and social environment matches that of the treatment group. He recommended that this problem be tackled by more careful selection of the control group and particularly controlling access to infrastructure (which has a key influence on input and output prices as well as other variables)

6.8.1.3 The use of various sampling methods and larger sample sizes

Karlan and Zinman (2010) mentioned that even though much has been done in studying micro-finance, different studies have arrived at different estimates as a result of differences and flaws in some research methods. The major flaws in micro-finance studies have been the problems of sample selection bias (see Hulme, 2000). As discussed in Chapter Four, sample selection and achievement of a bigger sample size have challenges. Thus, it is recommended that in order to increase the generalisability of micro-finance studies, researchers need to incorporate random sampling methods and bigger sample sizes. In line with the law of large numbers[1] in the field of statistics, the larger the sample size, the greater the chances for detecting a treatment effect if one exists. Thus, bigger sample sizes will allow us to better understand the impact of micro-finance and to generalise our findings with confidence. It is recommended that, where possible, researchers use random sampling techniques to eliminate sampling bias that characterizes most micro-finance studies and to increase the generalisability of results.

In light of the preceding recommendations, the next section discusses suggestions made.

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[1]Law of large numbers:In the field of statistics, the principle that states that the larger the sample size, the more likely it is that values obtained from the sample are similar to the actual values for the population (Gravetter & Forzano, 2012).

6.8.2 Suggestions for future research emanating from this study

Robinson (2001) lamented the lack of systematic, reliable information on the impact of micro-finance services on its clients and their households. He called for well-designed, carefully conducted and statistically significant studies of the impact of micro-finance services to be carried out. Many researchers heeded this call and since then, there has been a proliferation of micro-finance studies across the globe. Although much has been done, different studies have arrived at different estimates due to differences (and flaws) in some research methodologies (Karlan & Zinman, 2010). Most importantly, almost all have concentrated on the material impact, to the detriment of psychological impact. It is suggested that empirically sound, longitudinal research projects that concentrate on the psychological impact of micro-finance on the self-efficacy of recipients be conducted. As maintained by Gravetter and Forzano (2012), such studies will enable researchers to eliminate generation or cohort effects and to determine how individuals' self-efficacy is impacted over time.

In light of the observations and results achieved in this study, it is suggested that the impacts of micro-finance be studied on both the recipients and those declined of micro-finance. Particular focus should be given to those whose micro-finance applications have been declined as current research gravitates mostly on those who have received funding. This should be done in conjunction with a detailed exploration of other factors, in particular, region, income and loan amount that can enhance or inhibit the impact of micro-finance. Such studies will not only help give a balanced view of the impacts of micro-finance, but will enable both researchers and practitioners to fully comprehend the psychological impact of micro-finance on different individuals and contexts.

The results support the notion that micro-finance provision leads to an increase in self-esteem and may suggest that it is a viable tool to making recipients feel good about themselves. The results add impetus to the view that micro-finance may be contributing to psychological empowerment of its beneficiaries – especially women. The researcher subjectively expected more women to participate in this study and micro-finance to focus mainly on them because they are still more seriously disadvantaged than men in South Africa (see Snodgrass, 2015). In light of the importance of gender in micro-finance debates and this study's results, it is suggested that further empirical research be conducted to explore the impact of gender in micro-finance programmes. It is further suggested that future studies investigate what are the current barriers for women participation and how best micro-finance institutions can increase their participation and voices. This is important in light of the transformation and empowerment drive in South Africa to increase women's participation in the mainstream economy. More empirical research in this area is needed and will help one understand how micro-finance can be better used as one of the poverty alleviation strategies that can be better used to empower the economically vulnerable gender – women.

The achieved results suggest that, as maintained by Hasnain and Adlakha (2012), self-esteem (including self-efficacy) may be relatively stable concepts that are unlikely to change over time. In light of a significant difference found between the experimental and control groups when using the Rosenberg self-esteem scale and GSE scale, it is suggested that future studies explore the impact of micro-finance on self-esteem and self-efficacy using different scales. This will enable one to determine if the results of this study were solely influenced by measurement scales used or rather pointed to the true influence of micro-finance. Most importantly, it will contribute and enhance the current understanding of the true nature of self-esteem and self-efficacy.

6.9 Conclusion

The literature review in the area of micro-finance showed that the impact of micro-finance on the poor is not a simplistic debate on whether micro-finance is transformative or ruinous; it is much more complex. The existing empirical research of the impact of micro-finance suggests that the nature of these impacts and the causal impact chain are highly variable and less straightforward than often portrayed in the promotional brochures of micro-finance institutions (Woller & Parsons, 2002).

The results of this study not only showed a significantly positive relationship between micro-finance provision, and self-esteem and self-efficacy, but empirically suggest a causal link whereby provision of micro-finance leads to increased self-esteem and self-efficacy of recipients. This finding is in line with previous studies conducted in other countries and South Africa (see Bechetti & Conzo, 2013; Kirsten, 2012) that provided evidence suggesting that micro-finance does have positive improvements on the livelihood, self-esteem and well-being of recipients. These results have, however, suggested that declining micro-finance to applicants may have negative psychological impacts and that region, income and loan amount contributes to the positive impact on self-esteem and self-efficacy.

Given the limitations alluded to in this study, it is recommended that future research focus on understanding the impact of micro-finance on both recipients and those non-recipients by using various research approaches. Given these findings, it is argued that micro-finance has the potential to lead to increased self-esteem of poor recipients, but more has to be done (by researchers, providers and recipients themselves) to understand its true impact on those who have been denied it. It is thus important that interveners continuously and critically assess the impact of their micro-finance programmes in light of other contributing factors such as loan amount, income and micro-finance area. Most importantly, it is suggested that micro-finance become part of a concerted effort to help the poor; an effort that includes education or empowerment to inculcate entrepreneurial skills and give borrowers more drive, ambition and the necessary financial skills.

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YUNIBESITHI YA PRETORIA

Appendix A: Participant information sheet

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YUNIBESITHI YA PRETORIA
Denkleiers • Leading Minds • Dikgopolo tša Dihlalefi
Faculty of Humanities

Dear ______________________,

You are hereby invited to participate in a study that forms part of my doctoral studies at the University of Pretoria. The purpose of this research is to study the relationship between micro-finance and self-esteem of recipients. Information shared with you will be used for academic and research purposes only.

Please note that:

1. Participation in this study is entirely voluntary. It will involve an interview of approximately 15 minutes in length.
2. Your name and identity will be kept confidential. Research findings will be reported in a way that protects your personal dignity and right to privacy.
3 You may decide to withdraw from this study at any time by informing the interviewer at any point of the interview of your wish to withdraw.
4. You may be requested to participate in a follow-up interview after three to four months. This is to enable the researcher to compare information gathered during the research process.
5. It is not anticipated that you will experience any problems due to your participation in this research. In the unlikely event that you feel uncomfortable after answering the questions please contact Dr. Busisiwe Dlamini on the following numbers 082 579 5608 or 012 653 5658.

Thank you for your anticipated participation.

Yours Sincerely,

Barnard Buti Motileng
Student / Researcher
Work: 011 350 1742
Email: benny.moteleng@absa.co.za

Dr Claire Wagner
Supervisor
012 420 2319
claire.wagner@up.ac.za

Humanities Building, Room 11 - 16
Lynnwood Road, PRETORIA, 0002
Tel: +27 12 420 4481
Fax: +27 12 420 3479
www.up.ac.za
Juanita.haug@up.ac.za

Appendix B: Participant information sheet

I have read the contents of the information sheet and understand that I have been invited to participate, that my agreeing is fully voluntary.

I am also aware that I may be requested to participate in a follow-up interview within a four to five month period. I am under no obligation to participate and fully aware that I can withdraw at any time in the course of the interview.

With full knowledge of all foregoing, I agree to participate in this study on this _________ (day) of this __________________ (month) and this _________ (year).

Respondent Name:	
Respondent Telephone Number:	
Signature of Respondent:	
Date of Interview:	
Interviewer Name:	
Supervisor Name:	
Town:	

Thank you for taking part in this evaluation

Appendix C: Questionnaire

Good morning/afternoon Mr/Mrs.................................... My name is…………………….....
(State your name & surname). I represent Consulta Research. We have been contracted by Mr Barnard Moteleng a student at the University of Pretoria to do a survey intended at investigating the relationship between microfinance, self-esteem and self-efficacy. As an applicant at Absa Micro Enterprise Finance (AMEF) your feedback will assist them in researching about the relationship between microfinance on self-esteem and self-efficacy.

The information will be treated confidentially and will be used for no other purpose than research.

Please find the attached (Handout information sheet and participant consent form)

This interview should take approximately ……. minutes. For quality control purposes this interview will be digitally recorded. Is it convenient to proceed with the interview now?

FRAUD ISSUE: (Scripting only used when respondent inquires about legitimacy or are reluctant to talk to us based on the fear of fraudulent calls made to banking clients).

May I assure you that Consulta Research is a registered reputable company that subscribes to the ethical code of conduct of the SA Marketing Research Association (SAMRA). At no time during this interview will I request any personalised banking details from you. Should you need further verification of the legitimacy of this study please do not hesitate to contact: My manager at Consulta Research: Mr. George Kirk on 012 665 6200.

CALL-BACK ISSUE (Only to be used in event of the client requesting to be called at another future time - PLEASE DO NOT PROMISE A SPECIFIC CALL BACK TIME - DO NOT MAKE ANY CALL BACK APPOINTMENTS):

Thank you for your willingness to be called at a more convenient time. I would like to advise you that although we may attempt to reach you at the requested time we may be unable to call you back as we may have reached the required number of allocated respondents before it is possible to do the call back.

Questionnaire

1. Rosenberg self-esteem scale

Instructions: I am going to read a list of statements dealing with your general feelings about yourself. If you strongly agree, select **SA**, if you agree with the statement, select **A**. If you disagree, select **D**. If you strongly disagree, select **SD**.

Please bear in mind that the scale ranges from strongly agree to strongly disagree.

Statement (Attributes) /	SA	A	D	SD
1. On the whole, I am satisfied with myself.	SA	A	D	SD
2. At times, I think I am no good at all.	SA	A	D	SD
3. I feel that I have a number of good qualities.	SA	A	D	SD
4. I am able to do things as well as most other people.	SA	A	D	SD
5. I feel I do not have much to be proud of.	SA	A	D	SD
6. I certainly feel useless at times	SA	A	D	SD
7. I feel that I'm a person of worth, at least on an equal plane with others.	SA	A	D	SD
8. I wish I could have more respect for myself.	SA	A	D	SD
9. All in all, I am inclined to feel that I am a failure.	SA	A	D	SD
10. I take a positive attitude toward myself.	SA	A	D	SD

2. General Perceived Self-efficacy Scale (GSE)

Instructions: I am now going to read a list of statements dealing with your general feelings about yourself. Please indicate to me by selecting a number between 1 and 4 if you agree with the statement or not. If you strongly agree, select 4. If you agree with the statement, select 3. If you disagree, select 2. If you strongly disagree, select 1.

Please bear in mind that: 1 = Strongly disagree, 2 = Disagree, 3 = Agree and 4 = Strongly Agree

Statement (Attributes) /	1	2	3	4
1. I can always manage to solve difficult problems if I try hard enough.	1	2	3	4
2. If someone opposes me, I can find the means and ways to get what I want	1	2	3	4
3. It is easy for me to stick to my aims and accomplish my goals.	1	2	3	4
4. I am confident that I can deal efficiently with unexpected events.	1	2	3	4
5. Thanks to my resourcefulness, I know how to handle unforeseen situations.	1	2	3	4
6. I can solve most problems if I invest the necessary effort.	1	2	3	4
7. I can remain calm when facing difficulties because I can rely on my coping abilities.	1	2	3	4
8. When I am confronted with a proble, I can usually find several solutions	1	2	3	4
9. If I am in trouble, I can usually think of a solution.	1	2	3	4
10. I can handle whatever comes my way.	1	2	3	4

3. Can you please indicate your age?

20-29	1
30-39	2
40-49	3
50-59	4
60-69	5
70 or older	6
Decline to answer	7

4. Indicate the loan amount applied for:

1500-3000	1
3001-6000	2
6001-9000	3
9001-12000	4
12001-15000	5
Declined	6

5. Ethnic group

African	1
White	2
Coloured	3
Asian	4
Indian	5
Other, please specify ______________________________	5

6. Please indicate if this Loan is your….with AMEF

1st loan	1
2nd Loan	2
3rd Loan	3
other	4

7. Please indicate which one of the following is applicable:

You recently applied for a loan from Absa and it was approved	1
You recently applied for a loan from Absa and it was declined	2

8. If the loan was approved, did you take up the loan or not:

Yes, taken up	y
No, not taken up	n

9. Income

No income	1
Less than R4 000pm	2
R4 001 to R8 000pm	3
R8 001 to R15 000pm	4
R15 001 to R30 000pm	5
R30 001 to R45 000pm	6
R45 001 to R60 000pm	7
More than R60 000pm	8
Refused to answer	9

10. Gender

Male	m
Female	f

11. Region

Gauteng	1
North West	2
KZN	3

THANK THE RESPONDENT

Appendix D: Debriefing of participants

PSYCHOTHERAPY PRACTICE OF DR. BUSISIWE DLAMINI AND ASSOCIATES
PR:0105619

1042 Louis Pasteur Hospital
Pretoria
0001
Tel: 082 579 5608
Email: busip@webmail.co.za/dhlaminip@gmail.com

To Whom It May Concern

Re: Confirmation of my availability to conduct debriefing sessions

I hereby confirm having been briefed by Mr. Barnard Motileng on the research study he is conducting titled "A psychological study of the relationship between micro-finance and the self-esteem of the poor in South Africa". I further confirm that I will offer my services by debriefing participants who may experience problems due to participation in this study.

For any more information please feel free to contact me on my mobile.

Yours Sincerely

Dr. Busisiwe Dlamini
Clinical Psychologist
Phone: 0825795608
(012) 653 5658 (h)
0866517383 (Fax)

Appendix E: ABSA Permission Letter

ABSA

ABSA Microenterprise Finance
Towers North
2nd Floor - 2E1
180 Commissioner Street
Johannesburg
2000
Tel: (011) 350 1122
Fax: (086) 579 9073

ABSA Microenterprise Finance
Towers Noord
2deVloer - 2E1
Commissioner Straat no 180
Johannesburg
2000
Tel: (011) 350 1122
Faks: (086) 579 9073

To whom it may concern

Dear Sir/Madam

Permission to use our customer data base

ABSA Microenterprise finance hereby grants Mr. B.B. Motileng permission to use our customer database that we will provide him for the purpose of his academic studies (PHD Psychology) only.

The permission is granted with the understanding that Mr. BB Motileng is pursuing his PhD Psychology studies with the University of Pretoria and is busy with a thesis exploring the relationship between micro-finance and the self-esteem of the poor in South Africa.

It is hereby stressed that Mr. B.B. Motileng undertakes to always observe ethical research standards and will use information share by the customers for academic purposes only.

AMEF representative

Name : Bongiwe Tindleni On behalf of AMEF:

Position : General Manager

Signature :

Date : Tuesday, March 23, 2010

Contact Details:

Tel : 011 350 1122

Email : bongiwe.tindleni@absa.co.za

ABSA Bank Limited/Beperk, Reg No 1986/004794/06

Member of the / Lid van die BARCLAYS Group / Groep

Directors/Direkteure: DC Brink (Chairperson/Voorsitter), *M Ramos (Group Chief Executive/Groep Uitvoerende Hoof), DC Arnold, BP Connellan, YZ Cuba, BCMM de Vitry d'Avaucourt (French/Frans), SA Fakie, G Griffin, MW Hlahla, MJ Husain, A Jenkins (British/Brits), R Le Blanc (British/Brits), TM Mokgosi-Mwantembe, EC Mondlane(Jr) (Mozambican/Mosambieks), TS Munday, SG Pretorius, *JH Schindehütte, *LL von Zeuner, BJ Willemse.

*Executive Directors/Uitvoerende Direkteure Secretary/Sekretaris : S Martin (22/07/09)

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