

# Empowering Women through Microfinance in Some Selected Microfinance Institution and Small Scale Business Women in Takoradi Business Area

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## Abstract

Women play vital role in the economic development of their families and communities but certain problems such as unemployment, poverty, low household income and societal discrimination mainly in the developing countries have hindered their effective performance of that role. It is revealed that small scale business women could be effective strategists if they are empowered to be economically active to give quality life to their households since they form majority of small scale business in the country. The research revealed that microfinance institutions mainly target women because most of them engage in small scale business and empowering them will not only increase economic activities in the country but also sharpen them to support their families and their communities and make effective decisions as well. Conclusions drawn was in respect of the fact that though microfinance has empowered women, the impact have not been felt because of the challenges in the areas of cash collateral, high interest rate, mode of debt payment and virtually same products being offered to customers. Potential and existing customers are discouraged to access loan. Again, default being one of the challenges of the microfinance institutions are on the higher side and strategies should be put in place to ensure that customers pay for their debts in due time in order to keep the microfinance institutions in operations all the time.

**Keywords:** microfinance, women empowerment in small scale business

## INTRODUCTION

Women are said to be the weaker vessels (1 Peter 3:7) and less important in the society especially in relation to decision making and finding solutions to problems (Cheston & Kuhn, 2002). A woman's role is at home - mainly the kitchen, producing babies and taking care of children. Education is not important and when a woman gets too educated she might not be able to get a husband let alone produce babies (Kiva, 2012).

This is the general perception of women in some Ghanaian societies and in other parts of the world. Women are perceived not to be as strong as men and are not able to control resources. Even if they have resources, these resources are given to men to control. This is in line with an Akan adage that "when a woman buys a gun she keeps it under a man's roof". When a husband dies he wills all his property to a man in his extended family to inherit and take care of his wife and children.

Majority of rural women are illiterate in Kenya and at least 70 percent work as small-scale farmers, providing the bulk of Kenya's food supply. Their wages are dismally low and often uncertain. The few who are educated are not able to further their education to higher levels and end up being unemployed due to limited job opportunities. This situation gives in more worries and uncertainties to rural women who are illiterate or educated but not to a higher level and with dependant. Some of these women are single parents and do not know who to turn to for help; they are willing to do all kinds of jobs to improve the standard of living for their families (Care, 2006).

Setting up a small scale business/enterprise or small scale farming is the first option that comes to mind with their little or no education but they may not have the initial capital to do so. If these women decide to go for a loan from a financial institution or banks to set up small scale businesses, first of all, they are mandated to open an account at the bank, they would be required to provide a collateral for the loan and even if they are able to provide the collateral they are charged high interest rates that scare other women to go for a loan for their business (Kiva, 2012). Though the small scale business is a form of employment to solve their problems the high interest rate charged on the loan might collapse the business and they might not be able to repay the loan when repayment periods fall due. This issue is a worry to some of the women because they do not even have the money to open an account at the bank and provide collateral.

Small Scale business/enterprise is a business that is operated by one person with just a small initial capital (Up to about GHS 10,000) to set up. An example of this business that women can engage in are small provision stores, stalls at the market for selling food stuffs, dress making etc. Microfinance is a financial service to low-income individuals or to those who do not have access to typical banking services. In other words, microfinance is the supply of loans, savings and other basic financial services to the poor (Kiva, 2012).

Microfinance is also the idea that low - income individuals are capable of lifting themselves out of poverty if given access to financial services. According to Kiva (2012) women sometimes try in their own small ways by lifting themselves out of poverty informally by saving in rotational groups and take turns in awarding

themselves the total savings as time goes on to set up small scale businesses. These savings tend to be small and rotate limited amount of money. Mismanagement in this informal savings arrangement also causes some women to lose their money. There is the need to empower women economically through microfinance to enable them provide improved living conditions for their families.

Empowerment is about change, choice and power. Empowerment is defined as the processes by which women take control and ownership of their lives through expansion of their choices. Thus, it is the process of acquiring the ability to make strategic life choices in a context where this ability has previously been denied. The core elements of empowerment have been defined as agency (the ability to define one's goals and act upon them), awareness of gendered power structures, self - esteem and self - confidence (Kabeer, 2001).

It is believed that if women are empowered financially and also in all spheres of life, women will be able to work hard at ease without worrying about how to repay a loan together with the interest rate to improve the standard of living in Ghana and the world at large.

Women are mostly economical, industrious and are mainly engaged in petty trading or small scale businesses in Ghana. When a woman is entrusted with a small amount of money she can be able to create wealth out of that small money. Woman whether married, single, widow or divorced would want to generate capital to create wealth to support her partner or to provide quality life for her household.

One issue of great concern is how women can be empowered to be economically independent in Ghana since they form majority of small scale businesses. Typical, banks do not have any product designed to give small loans to small scale business women. Typical banks target salaried workers and those who save large sums of money in their establishment. Even though some banks give consideration to small scale business women, they charge excessive interest rates and require fixed assets as collaterals.

### **Objectives of the study**

The main objective of the study was to investigate microfinance as a tool to empower small-scale business women in Takoradi, Ghana. To achieve this primary objective, the study considered the following specific objectives;

1. To find out how microfinance can be used as a tool to empower small scale women in Takoradi business area.
2. To know how microfinance reach out to illiterate small scale business women in Takoradi business area.
3. To determine how microfinance can bridge the gap between business women and their male counterparts in Takoradi business area.

### **LITERATURE REVIEW**

Microfinance institutions (MFIs) are organizations that provide microfinance services. MFIs range from small non-profit organizations to large commercial banks. Governments and donors focused on providing subsidized agricultural credit to small and marginal farmers between the 1950s and 1970s in hopes of raising productivity and incomes. During the 1980s, micro-enterprise credit concentrated on providing loans to poor women to invest in tiny businesses, enabling them to accumulate assets and raise household income and welfare. These experiments resulted in the emergence of non-governmental organizations (NGOs) that provided financial services to the poor. In the 1990s, many of these institutions transformed themselves into formal financial institutions in order to access and on-lend client savings, thus enhancing their outreach" (GGAP, 2012).

Grameen Bank in Bangladesh was formed out of a project by Dr. Mohammad Yunus in 1976 to provide small loans to women. Majority of formal banks do not provide microfinance products as microfinance is an expensive enterprise - banks can make a lot more money on a large loan than a small loan, and banks would not make much money holding savings accounts with very little funds with them. Banks can make more money if they only provide financial services to those who already have money.

### **Microfinance in Ghana**

Microfinance is not new in Ghana there has always been the tradition of people saving and/or taking small loans from individuals and groups within the context of self-help to start small scale businesses or farming ventures. The first microfinance institution in Africa was established in Northern Ghana in 1955 by Canadian Catholic missionaries. However, Susu (a form of savings done by market women and small scale business women) which is one of the microfinance schemes in Ghana is thought to have originated from Nigeria and spread to Ghana in the early twentieth century (Asiama & Osei, 2007).

Shifting from a restrictive financial sector regime to a liberalized regime in 1986 and Promulgation of PNDC Law 328 in 1991 to allow the establishment of different categories of non-bank financial institutions, including savings and loans companies, and credit unions. Programmes currently addressing the sub-sector in Ghana include the Financial Sector Improvement Project, Financial Sector Strategic Plan (FINSSP), the Rural Financial Services Project (RFSP), the United Nations Development Programme (UNDP) Microfinance Project,

the Social Investment Fund (SIF), the Community Based Rural Development Programme (CBRDP), Rural Enterprise Project (REP), and Agricultural Services Investment Project (ASSIP) (Asiama & Osei, 2007).

### **Microfinance as a tool to empower women**

Microfinance is now a proven strategy for reaching poor women. Women contribute decisively to the wellbeing of their families, investing in women brings about a multiplier effect. Women should not only be better off economically as a result of having access to financial services but also be empowered as well. Providing working capital to women to set up businesses can lead to increased self-esteem, control and empowerment. Women have to be assisted to achieve greater economic independence and security which will give them the chance to contribute financially to their households and communities.

Literature being reviewed unearthed some success stories of Sinapi Aba Trust (SAT) in Ghana. Beatrice Takyiwah is a twenty eight (28) year old client of SAT who lives in Sunyani and she is a seamstress. Beatrice was empowered through microfinance and she has been able to grow her business and saved towards her future and that of her family (Sinapi Aba Trust 'n.d.'). Sinapi Aba Trust has a branch in Takoradi and the researchers aimed to study how women are empowered through microfinance using some selected small scale business women and microfinance institutions in Takoradi (Ghana) business area since the organization (Sinapi Aba Trust, Takoradi) has success stories about lending credit facilities to economically poor to better their lives.

Another literature suggest that microfinance creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organisation building, enables people to move out of poverty. By providing material capital to poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society (Otero, 1999).

The aim of microfinance according to Otero (1999) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) argue that the poor are generally excluded from the financial services sector of the economy so micro finance institutions have emerged to address this market failure.

By addressing this gap in the market in a financially sustainable manner, a microfinance institutions can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Otero, 1999). More recently, commentators such as Littlefield, Murdoch and Hashemi (2003), Simanowitz and Brody (2004) and the International Monetary Fund (2005) have commented on the critical role of micro-credit in achieving the Millennium Development Goals (MDGs).

According to Simanowitz and Brody (2004, p.1), microcredit is a key strategy in reaching the MDGs and in building global financial systems that meet the needs of the most poor people." Littlefield, Murdoch and Hashemi (2003) state "micro-credit is a critical contextual factor with strong impact on the achievements of the MDGs. Micro-credit is unique among development interventions: it can deliver social benefits on an ongoing, permanent basis and on a large scale".

This notwithstanding, microfinance has emerged globally as a leading and effective strategy for poverty reduction with the potential for far-reaching impact in transforming the lives of poor people. It is argued that microfinance can facilitate the achievement of the Millennium Development Goals (MDGs) as well as National Policies that target poverty reduction, empowering women, assisting vulnerable groups, and improving standards of living. As pointed out by the former UN Secretary General Kofi Annan during the launch of the International Year of Micro Credit (2005),

Sustainable access to microfinance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make the choices that best serve their needs." (Kofi Annan, December 2003). Empowerment can take place at a hierarchy of different levels - individual, household, community and societal. This is facilitated by providing encouraging factors (e.g., exposure to new activities, which can build capacities) and removing inhibiting factors (e.g., lack of resources and skills).

Self-help groups intermediated by microcredit have been shown to have positive effects on women, with some of these impacts being ripple effects. They have played valuable roles in reducing the vulnerability of the poor, through asset creation, income and consumption smoothing, provision of emergency assistance, and empowering and emboldening women by giving them control over assets and increased self-esteem and knowledge (Zaman, 2001).

Indicators, which are more intrinsic, revolve around changing gender relations within the household. In some of the literature review, women who generated increased income through self-help schemes reported that they had gained greater respect within the household, often with perceptible attitudinal change. Men have been reported to offer little resistance towards the enhanced economic activity of women because such activities were

seen as contributing to household wellbeing. Men and older children have also been reported to be helping with household duties and with the income-generating activity. In Bangladesh, women showed a good deal of empowerment in their capacity to articulate their needs and in their receptivity to new ideas. More impressive was the emergence of women's groups as a dynamic, articulate constituency (Krishnaraj and Kay, 2002).

Participants in microfinance programs do not have access to the formal banking sector; they also lack access to the capital necessary to start a business or otherwise improve their lot in life. According to the South Asian Microfinance Network, over 60 percent of the adult population - approximately one billion people do not use or are excluded from financial services for reasons including lack of identification or collateral, physical distance from lenders, and relatively low returns on investment. The average loan is USD 195, and the average saving balance amounts to USD 39. Microfinance loans serve approximately 20 million of the world's poorest people and 74 percent of these are women.

Microfinance has been promoted as a powerful tool to empower women because of the link between gender and poverty. The United Nation (UN) State of World Population 2008 report states that three-fifths of the world's billion poorest people are women and girls, and the U.N. Development Program has estimated that women own just one percent of the world's wealth. Accordingly, microfinance services tailored to assist the poor end up benefiting women.

Women's microfinance programs have been particularly successful in Asia. Over 8 million, or 97 percent of Grameen Bank's borrowers, are women - numbers that are echoed elsewhere. A 2006 World Bank report "Microfinance in South Asia" asserts that "even in a socially conservative country such as Afghanistan, microfinance activity has focused on women, whereas in India the Self Help Group movement has become the basis for programs promoting empowerment and overall improvement of the status of women in society."

Access to capital offers women the resources to make their own choices, which, in turn, makes them less dependent on family members or lenders. Women can start or expand businesses, improve their homes, or seek an education with small loans; the wealth earned from these endeavors brings increased status, mobility, and opportunity. The microfinance organization Kiva (2012) states "Empirical evidence shows that, among the poor, those participated in microfinance programs were able to improve their wellbeing - both at the individual and household level, much more than those who did not have access to financial services." Even though, microfinance may have a dark side as in high interest rates used, collateral securities, guarantors and other requirements in accessing loans microfinance, it can be an effective tool to empower women to make better life choices for themselves, better their family lives and on a whole improve the economic development in Ghana and the world at large.

According to Cheston and Kahn (2002) empowerment is about change, choice, and power. It is a process of change by which individuals or groups with little or no power gain the power and ability to make choices that affect their lives. The structures of power - who has it, what its sources are, and how it is exercised directly affects the choices that women are able to make in their lives.

Microfinance programs can have tremendous impact on the empowerment process if their products and services take these structures into account. In order for a woman to be empowered, she needs access to the material, human, and social resources necessary to make strategic choices in her life. Not only have women been historically disadvantaged in access to material resources like credit, property, and money, but they have also been excluded from social resources like education or insider knowledge of some businesses. Access to resources alone does not automatically translate into empowerment or equality, however, because women must also have the ability to use the resources to meet their goals. In order for resources to empower women, they must be able to use them for a purpose that they choose. Women who have been excluded from decision making for most of their lives often lack this sense of agency that allows them to define goals and act effectively to achieve them. However, these goals can be heavily influenced by the values of the society in which women live and so may sometimes replicate rather than challenge the structures of injustice.

When women are empowered through microfinance, training and development programmes should be organised for the women to use their resources effectively. Also, empowered women have to be educated on the values of the society in which they live so as to enhance their decision making to achieve their goals in life.

### **Making microfinance accessible to illiterate women**

According to the history of Grameen bank whose founder is Muhammad Yunus, charity is not an answer to poverty. It only helps poverty to continue as it creates dependency and takes away individual's initiative to break through the cycle of poverty, whereas loans offer people the opportunity to take initiatives in business or agriculture, providing earnings and enabling them to pay off the debt (Grameen Communication, 2011).

Grameen (2011) regards all human beings, including the poorest, as endowed with endless potential, and that unleashing the creativity in each individual should be the answer to poverty reduction. Grameen has offered credit to the poor (including women, illiterate and unemployed people). It created access to credit on reasonable terms such as the group lending system and weekly-installment payment with reasonably long term of

loans, enabling the poor to build on their existing skill to earn a better income in each cycle of loans.

The literature reveals that all human being from all walks of life be it poor, illiterate women, men can access loan from microfinance institutions so far as they will put the money into profitable business venture to pay back their debt and also accomplish their goals. Also, literacy rates for women in Pakistan are amongst the lowest in the world. Women World Bank research on gender and savings in Pakistan identified gaps in literacy as a critical "pain point" for women customers when navigating the forms and other written materials often used at microfinance institutions.

### **Empowering women and bridging gender difference**

Gender difference still exist since in rural areas and sub urban areas in Ghana and some parts of the world culture and values emphasizes women's role to be in the kitchen and producing children and men's role is to work hard to feed, cloth, provide home and improve the standard of living of their family. Males do not help with household chores whereas with western culture and values both men and women work at the same time help each other with household chores and make effective decisions to better their lives. This is because western women are empowered both financially and in all aspect of their lives. Single women with children and little or no education go through a lot to provide better lives for their families. Women are normally not involved in decision making, especially, women who are illiterate or semi-literates and financially unstable.

Once women are able to access microloans, it bridges the gap between the women and their male counterparts as they are able to take part in decision making in the communities in which they live. Women who have husbands and children see remarkable change in their lives as they take some financial burden like providing food, clothing, school fees off their husband's shoulders, once the benefit from micro loans (Cheston and Kuhn, 2002). In spite of the difficulty that some men have in accustoming themselves to their wives' new role, most women report improved relationships with their husbands and families. Evidence of differences in gender roles within the household, however, is limited (Cheston and Kuhn, 2002).

In the realm of self-confidence and self-esteem, the feedback from the International Fund for Agricultural Development (IFAD) for bridging gender difference has been very positive. Microfinance has gone a long way in empowering women. In order to achieve continuous benefit and also sustainability in microfinance as well as empowering women, there is a need to innovate various products in microfinance to eliminate bottlenecks for ordinary women to access credit to be empowered more.

Literature reviewed identified several challenges in microfinance which are as follows: The challenges are on the part of needy people and microfinance institutions. Concerning needy people; they take money from the informal money lenders at high rate of interest, due to charging of high rate of interest they cannot return their debts in proper time, there is a lack of knowledge and insufficient & improper information. This situation is not limited up to only rural area but also belongs to urban area. While on the part of Microfinance Institutions the problem of high cost in services, recovery problems, lack of effective guidelines are the major challenges (Articlesbase, 2011).

This study was designed to deal with the bottlenecks of women empowerment through microfinance. The next chapter throws more light on how research instruments were designed to collect data, analyze and address the research objectives.

### **METHODOLOGY**

This research was a case study and employed both qualitative techniques to ensure that accurate data was received to address the problem. As methods of data collection, qualitative research was used for the questionnaire and face-to-face interview with an interview guide.

The target population consists of the four financial institutions mainly three credit unions and a bank namely Sinapi Aba Trust, Axim Road Credit Union, Christ the King Credit Union and Women's World Bank in Takoradi business area. The total population was 210 small scale business women who save with the microcredit institutions and the bank.

In all, 140 respondents were selected for the study and two respondents were selected from each of the four financial institutions and were required to complete a questionnaire. The remaining 140 were customers of the financial institutions and small scale business women from Takoradi business area.

Purposive sampling technique was used based on judgment but with tangible reasons. The reason being that, all financial institutions in Takoradi were targeted for the study but only four were chosen because they were among few financial institutions that provide microfinance to women. The convenience sampling technique was used for the women because they were convenient to the researchers.

Data for this research was collected by the use of questionnaire and interview guide. The questionnaire used both open questions to solicit accurate data from respondents (managers of the four selected financial institutions). Questions were prepared to guide the researcher to interview the selected small scale business women. The questionnaires and the interview guide were self-administered to offer respondents opportunity to

answer the questions at their own convenience and to express their opinion accurately.

### **Methods of data collection**

Primary data was obtained from a case study conducted on four financial institutions and 140 scale business women in Takoradi. Data were gathered using a structured questionnaire and an interview guide. Again, some secondary data were obtained from microfinance journals, text books, reports on women who have benefited from micro credit loans, relevant microfinance sites from the internet, and other related literature on the topic.

### **Data handling and method of analysis**

Data collection was undertaken over a period of three months. The data collected were checked accordingly. The checked data were recorded and analyzed qualitatively. Narratives were used for clearer and simple presentation of results.

### **Ethical consideration**

The research took into consideration the following ethical issues in the process of collecting data for the study. The respondents were briefed on the objectives of the study so as not to provide false information. The confidentiality of the respondents was adhered to by the researchers. All references were duly acknowledged to avoid plagiarism.

## **RESULTS AND DISCUSSIONS**

### **Kind of products developed by the organization to empower women**

Women empowerment is about providing working capital to women to set up business to increase their self-esteem and control. The four respondents who were managers in the sampled microfinance institutions gave the following products which are in a form of loan/credit to empower women; Child Education, Business (Emergency), Building / Real Estate, Funeral, Short Term, Consumer Credit loan/Savings, Group micro loans, Individual micro loan, Daily savings (Susu) mobilization, Current Account (salary loan), Fixed deposits and Small & Medium Enterprise (SME) loan. This confirms what Asiama & Osei, (2007) said that Susu (a form of savings done by market women and small scale business women) is one of the microfinance schemes in Ghana. Over the years, the microfinance sector has thrived and evolved into its current state thanks to various financial sector policies and programmes undertaken by different governments since independence. Among these are provision of subsidized credits in the 1950s; Establishment of the Agricultural Development Bank in 1965 specifically, to address the financial needs of the fisheries and agricultural sector; Establishment of Rural and Community Banks (RCBs), and the introduction of regulations such as commercial banks being required to set aside 20 percent of total portfolio, to promote lending to agriculture and small scale industries in the 1970s and early 1980s;

Shifting from a restrictive financial sector regime to a liberalized regime in 1986 and Promulgation of PNDC Law 328 in 1991 to allow the establishment of different categories of non-bank financial institutions, including savings and loans companies, and credit unions. The policies have led to the emergence of three broad categories of microfinance institutions. These are formal suppliers such as savings and loans companies, rural and community banks, as well as some development and commercial banks; semi-formal suppliers such as credit unions, financial non-governmental organizations (FNGOs), and cooperatives and informal suppliers such as Susu collectors and clubs, rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, moneylenders and other individuals.

The data collected confirms the literature reviewed that microfinance is a tool to empower women because all these products are designed exclusively to empower women to be self-independent by using the loan given to them to create wealth in a form of small scale businesses to contribute financially to their household needs.

### **How women access credit/loan from the organization**

Credit/loan in traditional banks is not given to most small income earners and women who operate small scale businesses. Even if the banks will grant them credit they would have to declare their fixed assets, set it aside as collateral and pay excessive interest rate in addition to the principal amount. These women having virtually nothing are discouraged to take loans from the banks for their businesses because they are not able to meet the requirements of the bank for their credit/loan facility. From the data gathered unlike the traditional banks, microfinance companies are operated to give a helping hand to small scale women to empower them to boost their self-confidence in the society.

The requirement for loan at microfinance companies as follows: apply as an individual or SME business, save with the institution, save continuously for at least two, be in active business, raise 25 percent guaranteed fund, complete loan form, go through assessment and counseling, be part of a group applying for loan (in case of

a group loan). Some microfinance institutions encourage women to form groups to access loan and also guarantee for each other. Regarding this requirement, almost every woman can afford to take a loan and create wealth.

Illiterate women are given credit facilities and they are made to go through same procedures for accessing loans just like any other person. Officials are there to help with all the paperwork of the loan processing, education is given to them (women) and also loan features are explained to them in the languages that they understand. There is no discrimination so far as one needs a loan and meet the entire requirements, she will be given the loan.

Illiterate women are also empowered to be economically active and financially sound to improve upon the lives of their households. This confirms a study conducted by Mercy Corps (2006) that all human beings from all walks of life be it poor, illiterate women, men can access loans from microfinance institutions so far as they will put the money into profitable business venture.

### **Collaterals and guarantors**

The research revealed that microfinance requires collaterals and guarantors before loans are given. The collaterals and guarantors serve as a security and assurance to them that their clients will pay back their debt. From the interview conducted the respondents said that guarantors do not pay loans given out, all the microfinance institutions need is an individual or property being charged against the loan in case of default. If debtors do not pay their debts, the microfinance institution will fall on the guarantors. This is the reason why banks and microfinance institutions require collaterals and guarantors before loans are given out.

Although microfinance institutions require collaterals and guarantors the nature of collateral and guarantor required are somehow moderate to encourage everyone to take loan facilities. The collaterals and guarantors are 25 percent guaranteed fund, pledge of stock and other assets, provide a guarantee of a good status, customer of the microfinance institution through savings, in case of group loans group members come together to guarantee for themselves.

### **Women who have benefited from the microfinance institutions and the bank**

All the respondents indicated that they have benefited from the microfinance and the bank's microcredits. This means that many women have been empowered through microfinance. Although this is encouraging, many women still do not want to take loans for a number of reasons. Microfinance therefore needs to improve upon their services to attract more women to benefit from their products.

It was also evident that women go through a number of cycles. Cycle means ability to take loan, repay the loan in due time and taking another loan which goes through the same process. This reveals that many women have gone through more than one cycle of loan and it has empowered them to create wealth not for improvement of household only but also pay for their debts.

From the data collected, effective measures are taken to recover loans by visiting women through mobile bankers daily to collect deposit, diagnose business problems early and help them to find solutions, monitor loans to avoid diversion.

### **Microfinance empowering women and influencing their decision making at the household level and socioeconomic status**

One respondent indicated that empowered women have economic independence, enhanced social standing, enhanced confidence and demystify the myth of men being superior to women. Another respondent also said that women are advised on separating business activities from household activities to ensure that working capital and loans are not diverted into other activities.

Other respondent said that women are embolden to speak out, they are trained on social, political and moral issues and get stronger economically, empower women to be leaders in their societies in various groups. On a whole microfinance influences and empower women to make effective decisions in their households.

From respondents response women self-confidence is improved by educating nonmembers to join the credit union, development of self-reliance, strengthens women's resourcefulness, sharpening of initiative and raise income to support their household financially.

### **Empowering women through microfinance in bridging gender difference**

Microfinance has played a very good role in bridging a gap in gender difference through women empowerment. From the study, it was revealed that women become co-bread winners in their homes, becoming supportive of husbands in managing the home, contribute to funeral expenses and prevent over reliance on husbands financially. Women are given the appropriate recognition in social activities.

## CONCLUSIONS

This study established that empowering women through microfinance in Takoradi business area has been successful to some extent despite some bottlenecks; most small scale women have patronised microloan to expand their businesses and have been empowered to be economical independence.

The requirements of the microloan such as cash collateral, interest rate and mode of debt repayment to microfinance institutions continuously discourage existing and potential customers to access credit facility. There is a growing concern that microfinance institutions should design new products from time to time and streamline their requirements to encourage more women and men to patronise their products.

## RECOMMENDATIONS

The following recommendations require attention to strengthen the operations of microfinance institution;

- Cash collateral should be discontinued. This is because some women may not have the cash collateral but may be able to meet other requirements to take the loan.
- Furthermore, high interest rates which scare most women should be reduced to encourage more women to access loan for their businesses.
- The formal bank financial institutions should simplify their requirements so that customers (especially women) who save with them can access loans.
- The period for repayment of debt should be reduced from monthly and weekly to daily to reduce default.
- Customers' business operations should be monitored so that money meant for business would not be diverted to solve household problem. This will reduce high rate of default which is the biggest challenge of microfinance.
- Women's husbands should be encourage to join microcredit institutions with their wives to enable them access larger amount of loans to operate their business and also assist microfinance institutions to recover their loan.

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