

UNIVERSITY OF GHANA

**ENTREPRENEURSHIP FINANCING AMONGST FEMALE SMEs IN ACCRA: THE
ENABLERS AND CHALLENGES**

BY

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**THIS LONG ESSAY IS SUBMITTED TO UNIVERSITY OF GHANA, LEGON IN
PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF
EXECUTIVE MASTER OF BUSINESS ADMINISTRATION DEGREE (OPTION)**

MAY, 2019

DECLARATION

I declare that this long essay is the result of my own work and that it has not been submitted in this University for any degree

.....

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DATE

CERTIFICATION

I certify that this research work was supervised in accordance with the rules and regulations of this University.

.....

DR. KWAME ADOM

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.....

DATE

ACKNOWLEDGEMENT

I wish to express my profound appreciation to Dr. Kwame Adom, for his support, guidance and corrections in supervising this research work. To Dr. Raphael Odoom and Dr. Daniel Quaye, my lecturers for Seminars 1&2 respectively who guided me in the initial stages of this project. I pray for God's blessings for you all.

DEDICATION

I dedicate this work to my grandchildren, Keisha, Kenneth, Lady Pamela and Katherine who sacrificed their comfort of being with me for this course. To my sons Panyin and Kakra, who encouraged and supported me financially and in diverse ways. To my dear daughter, Maame Efua Esibuaba who needed me most but had to often do without me. To my Special son Nanabanyin, who endured my absence in the evening. To my family, for their encouragement. Ultimately, to my Heavenly Father the Almighty God, who has made this dream come true by His grace and mercies that abound towards me. Father, I say a big thank you for making this course a success. May your holy name be exalted.

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ABSTRACT

The main aim of this research work was to examine entrepreneurship financing among females in Accra focusing on the enabling and challenging factors. The study employed qualitative research approach using exploratory and descriptive methods to achieve the objectives set out for the study. The main instrument employed was semi-structured interviews with twenty (20) respondent size being owners of female run SMEs in different fields ranging from food and beverages, water, clothing and designs, hair and cosmetics product within Accra. The study establishes that female run SMEs derive funding from various sources like family contribution, loans, personal savings and plough back profit with the major one being family contribution.

Again, the study reveals that, the presence of increasing population, demands for goods and services, increased mobile phone and internet usage, presence of financial institutions with several loan schemes serve as enabling factors for the conduct of female run SMEs in Accra whereas factors like high interest rate, request for collateral and tough banking procedures, discrimination and gender bias, and family related factors impact negatively on the pace of female business activities in the city and the country at large. Similarly, the study reveals that presence of factors like reduction in interest rate, provision of financial support for female SMEs, education, skills development and training for female SMEs are necessary for obtaining improved pace of female led SMEs in the city and the country as whole.

CHAPTER ONE

BACKGROUND OF THE STUDY

1.0 Introduction

This first chapter of this research work will discuss the background to the study, problem statement, research aim and objectives, research questions and significance of the study. The chapter again will detail how the study will be organized.

1.1 Background of the Study

A growing body of investigations and research on entrepreneurship and their sources of financing have emphasized the importance of credit and other financial streams to the growth and sustenance of Small and Medium scale Enterprises (hereafter termed as SMEs), (Ahinful, 2012; Abor & Biekpe 2007; Abor & Biekpe, 2006; Osei-Assibey, 2013). Capital for entrepreneurial activities serves as the catalyst for promoting small scale businesses. This is because, as start-up businesses require credit for implementing their business ideas, already existing firms that needs expansion also require capital for investment and growth. Thus far, credit serves as the beacon and life blood of businesses, the world all over, as capital is needed essentially for all the various facets of business operations like, remuneration, acquiring business licenses, setting up the business entity and other operation cost, amongst others. Improved access to credit facilities enables SMEs to “build their productive capacity and also makes them competitive in both the local and the global market” (UNCTAD, 2002, pg. 18). Studies on SMEs indicates that, they are one of the major contributors to national economic development in most countries of which Ghana is no exception (Agbozo et al, 2012; Kayanula and Quartey, 2000).

This according to Gambold (2008), is particularly so as SMEs continuous to serve as the drive for employment creation in most countries, particularly developing countries. In relation to this, UNIDO (1999) affirmed, globally the contribution of SMEs to employment creation is overwhelming as they make up almost 90% of businesses and account for between 50-60% employment rates.

In the case of Ghana, as in the records of the Registrar -General, 90% of businesses registered are SMEs, making up a whopping 92% of businesses in Ghana and about 80% of businesses in the private sector of the country (Registrar General as cited in Agbozo, 2012; Abor & Biekpe, 2007; Abor & Beikpe, 2006). Despite the seeming growth rate of SMEs in Ghana, a search in the literature on SME financing has indicated that, the principal setback to SMEs growth in Ghana, Africa and even most parts of other continents have been financing (Banfo & Asiedu-Appiah, 2012; Cham, 2011; Adotei 2012; Ackah & Vuvor, 2011; Fuseini, 2015; Beck and Cull, 2014; Osei-Assibey, 2014). For instance, in Ghana, in a study of 133 SMEs, “60% identified access to credit as the major bane to their businesses. Similarly, the study also indicates that medium firms have 69.1% chance of success in accessing credit, compared to 45% for small enterprises and 33.7% for microenterprises”, Aryeetey et al. (1994, p. 79). Again, a study conducted by the World Bank on 10,000 firms in 1999 and 2000 in over 80 countries as indicated by Beck and Demirgüç-Kunt (2005), suggest that most small firms are 39% likely to mention financing as a severe obstacle to growth relative to medium-sized firms (36%) and large firms (32%).

In examination of the likely causal factors to the difficulty of SMEs in accessing finances, Alhassan and Sakara (2014), Stephanou & Rodriguez (2008), Abor & Biekpe (2007), indicated that, SMEs are met with various unfavourable demands and conditionalities like high interest, maturity, collateral and lending procedures, business plans, personal guarantors demanded by the

bank, cumbersome loan application process and unfavourable repayment period. This situation makes financing a difficult task to achieve which eventually forces most SMEs to depend largely on family, friends and 'susu' lenders to finance their operations (Nkuah et al., 2013; Beck and Demirgüç-Kunt, 2005); The continuous lack of access to credit by SMEs have impacted negatively on their effectiveness and efficiency in the Ghanaian entrepreneurial drive. A gender composition analysis of entrepreneurship and entrepreneurs, in the Ghanaian community, and as indicated by the Ghana Statistical Service, estimated that, of the 8 million labor force as at the year 2002, the informal sector employed the largest of the people which is around 60 and 65 percent, with its attendant dominancy of SMEs. According to the Ghana Statistical Service, about 85 percent of the Ghanaian female labour force is employed in the private sector mostly dominated by SMEs; (Ghana Statistical Service, 2002). Again, in 2015, women accounted for 54.9% of the 90% of workers in the informal sector dominated by SMEs indicating a highly dominated female based informal sector with SMEs been its major characteristics (Ghana Statistical Service, 2015) with women in SMEs not been exception to the various issues, favorable or unfavorable surrounding the management affairs of SMEs. This thus brings to question, how Ghanaian women led SMEs are being financed as regards the enabling and challenging factors.

1.2 Problem Statement

Several studies on SMEs in Ghana, Sub-Sahara Africa and other parts of the world has indicated that, SMEs largely are constrained by the lack of access to credit (Ahinful, 2012; Abor & Biekpe 2007; Abor & Biekpe, 2006; Banfo & Asiedu-Appiah, 2012; Cham, 2011; Adotei 2012; Ackah & Vuvor, 2011; Fuseini, 2015; Mensah, 2004; Gallardo, 2001). In one such study by Abor and Beikpe (2006), it was concluded that, SME's lack of access to credit results from their low

participation in the capital markets partly due to the perception of higher risk, informational barriers and higher costs of intermediation for smaller firms”. The absence of finance for SMEs makes it difficult for them to acquire new technologies, acquire assets, compete effectively, pay competitive remuneration and expand their businesses thus resulting in most of them collapsing shortly after being set up (Adewale, 2015; Prempeh, 2015; UNCTAD, 2002).

According to the Ghana statistical service, majority of SMEs in Ghana are operated by women and thus women take up a big chunk of the SMEs ratio rate (GSS, 2015). This is evident in the statistics in 2015 in which 85% of the Ghanaian women are in the private sector dominated by SMEs wholly. Despite the high rate of women involvement in SMEs, studies on their SMEs drive indicates they are confronted with varying degrees of issues. For instance, Dovi (2006) explained that, most women in Ghana are engaged in small and medium scale enterprises but experience in the sector shows majority of them being handicapped by various factors like finances. Accordingly, Dzisi (2008) posited that, most Ghanaian women experience high levels of obstacles that prevent them from becoming financially and socially independent by working or opening their own businesses for their benefit and wellbeing. For those who do manage to establish independent businesses in Ghana, 80% remain at the micro level because of the inability to expand due to the lack of “properly coordinated support, cheap and long-term credit and insufficient access to new technologies” (Dzisi, 2008; Dovi, 2006). Female entrepreneurs are great contributors to the economic development of individual families and the government as well. Female entrepreneurship is thus a great source of employment, economic emancipation and promotes national economic development effort. It is thus imperative that women SMEs in Ghana should be taken more seriously. However, issues of financing and resource requisition to the female entrepreneur has become quite daunting (Samani, 2008; Dovi, 2006). The motivation

of this study is thus to examine the challenges confronting women in SME's when sourcing financing for their SME businesses. The study will concentrate on SMEs in Accra and also investigate the enablers available for financing their businesses.

1.3 Research Aim

The overall aim of this research work is to examine the financing of entrepreneurship (SMEs) among female businesses or SMEs in Accra.

1.4 Research Objectives

The specific objectives guiding this research work are;

- To examine the source of financing SMEs among female businesses in Accra
- To identify the enablers or enabling financing factors of entrepreneurial activities among female in Accra.
- To examine the challenges facing female SME start-ups in Accra
- To identify measures in addressing the challenges of female SMEs start-ups in Accra

1.5 Research Questions

- What are the sources of financing available to SMEs managed by female entrepreneurs in Accra?
- What are the enabling factors in financing SMEs among female businesses?
- What are the challenges faced by female in SMEs enterprises?
- What measures are necessary in addressing the challenges faced by female SMEs in Accra?

1.6 Significance of the study

The conduct of this research work seeks to achieve the following importance;

First, the conduct of this research work will aid in examining the various sources of financing available to female SMEs in Accra and the country at large. This will be made possible as the study will seek to investigate from the various study female run SMEs in the country. By this, data will be gathered on how these SMEs begun and their knowledge of various streams available and applied for their business venture. Accordingly, women who are interested in entrepreneurship will have fore knowledge the existence of available streams of financing and how they can employ these to either start or invest in their already existing businesses.

Secondly, the findings of this study will bring to knowledge in the public domain the challenges faced by women entrepreneurs in Accra and the whole country. This will be made possible through an in-depth primary data collection by means of interviews which will unearth from the SMEs owners all the setbacks in terms of finance, institutional amongst other things they faced in the establishment of their businesses. Knowledge of such challenges which will be made known to readers, academics and people of this research work will help in their understanding of the difficulty of women entrepreneurs in the country.

Further, the findings of this research work will aid in examining the measures, models, systems and mechanism necessary in dealing with the financing hurdles of female entrepreneurs in Accra and beyond. The identification of possible solutions to the financing challenges of female start-ups SMEs in the country through the study will help redress the financial challenges in the sector which in the long run can create the avenue for more female entrepreneurs and those intending to harness the opportunities available in the sector.

Finally, the conduct of this research work will unravel whether or not there are enablers or opportunities for female entrepreneurs especially the start-ups in the industry. This is particularly so because, the study will examine if there are in place some form of opportunities for women to finance their SMEs. A revelation of the existence or otherwise of such financial opportunities for women will broaden the scope of women entrepreneurs as majority of them will take advantage of such streams if the study finds out of the availability of such.

1.7 Organization of the study

This study is organized into five different chapters. Chapter one which is the first discusses the background, problem statement, research goal and research objectives, as well as research questions. The chapter also details the rationale for the conduct of the study, the theoretical framework and the organization of the entire study. Chapter two discusses the literature review with chapter three taking on the methodology of the research. Whilst chapter four embody the discussion, and analysis of the research findings, chapter five, which is the last takes on the summary, conclusion and subsequently, the recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The literature review section of this research presents empirical studies on the concept of entrepreneurship financing among female startup in Ghana. The chapter, specifically, is organized under the following sub-sections; definition of Small and Medium Scale Enterprises, definition of SMEs in Ghana, general overview of SME sector in Ghana, Women and Entrepreneurship, motivation of women SME in Ghana, challenges of Women SMEs in Ghana, and SME financing Interventions by the Government of Ghana (GoG).

2.1 Definition of Small and Medium Scale Enterprises (SMEs)

A great volume of studies have attempted to explain what constitute SMEs (Kayanula and Quartey, 2011) resulting in varying degrees of definitions for the sector. This has often led to non- agreement of a particular operational definition for SMEs. Gockel (2012) indicated that one of the principal cause of the challenges in the SMEs sector is due to the absence of operational definition as it has a very heterogeneous nature. In relation to this, Kayanula and Quartey (2010), also indicated of the absence of a single or universally acceptable conception of the SMEs sector. An examination of literature on SMEs shows that, definition for the section is based on several factors like value of fixed asset, the rate of turnover, and number of employees. In most definitions of SMEs, even though the commonest criterion used has been the number of employees but this still faces some levels of debate (Ayyagari et al., 2009).

In the case of the World Bank (2013), an enterprise is MSME when it meets any of the two criterion; micro enterprises employs a minimum of at least 10 staff, has a total asset and annual sales of up to \$10,000; small enterprise has up to 50 employees, and a total asset and annual sales of at least \$ 3million; with medium sized enterprises employing up to 300 staff and has a total assets and annual sales of up to \$ 15 million.

In the case of the European Union, MSMEs meets the following criteria, “one with up to 250 employees and with either a turnover of no more than €50 million or a total balance sheet value of no more than € 43 million. Specifically, micro enterprises are those firms that employ less than 10 workers and also have either turnover or balance sheet value of not more than € 2 million; small enterprises employ less than 50 employees and have turnover or balance sheet value of not more than € 10 million; and medium-sized enterprises less than 250 workers and have either turnover of € 50 million or balance sheet value of not more than € 43 million”. Kushnir (2010), also noted that, the search for any definition for SMEs lies heavily on several factors, included but not limited to business culture; the size of the country’s population; industry; and the level of international economic integration or even less personal reasons such as businesses lobbying for a particular definition, which would qualify their enterprises for a support programme by government.

Judging by the varying degrees of criteria for the explanation of SMEs, it is a foregone idea that, SMEs do not have a single and universal definition guiding its operations and activities in various countries. This is particularly so as they are not homogenous in nature in terms of countries and industry. Despite this lack of homogeneity, SMEs share a universally accepted feature of being owned by private individuals with relatively small number of personnel and low volume of sales and fixed assets (Nkuah et al., 2013).

2.2 Definition of SMEs in Ghana

According to Ackah & Vuvor (2011), in the case of Ghana, definition for SMEs has often emanated from the Ghana Statistical Service (GSS) and the National Board for Small Scale Industries (NBSSI) using various criteria. For instance, the GSS, defines micro and small and enterprise as “ those employing up to 9 employees; medium-scale enterprises as those employing between 10 and 29 workers, and large-scale enterprises as those employing 30 or more employees (GSS, 2010 in Gockel, 2012). In the same vein, the NBSSI considers its definition of SMEs based on the size of its employees and value of fixed assets as two necessary preconditions; Micro and Small Enterprises (MSE); micro enterprises are those with employee size of 5 and a fixed assets not more than \$10, 000 excluding land and buildings whereas small enterprises employ between 6 and 29 with fixed assets not exceeding \$100,000.

2.3 General Overview of the SME Sector in Ghana

Mensah (2004); Abor & Biekpe (2007; 2006); Osei-Assibey (2014); Adotei (2012); Ahinful (2012) all indicates that, there is no exact figure of the number of SMEs operating in Ghana. However, statistics of the Registrar General’s department shows that about 90 percent of companies registered in the country are SMEs. This is more so as majority of SMEs are in the informal Ghanaian sector and not registered (Mensah, 2004; Adotei, 2012; Ahinful, 2012). The lack of statistics on Ghanaian SMEs is due to factors like, lack of a uniform definition for the sector, non-registered SMEs operating in the informal sector, high cost of conducting industrial consensus among such other reasons (UNCTAD, 2005).

A single most important feature of Ghanaian SMEs is their low in the capital market, both locally and internationally as compared to firms with larger size and this exclusion is due to the expensive nature of intermediation of smaller projects (Ackah & Vuvor, 2011). This

phenomenon is attributed to the nature of the financial system. Again, the Ghanaian SMEs market is characterized by smaller produce, largely for local consumption with just a few of such SMEs that has the capacity to produce larger quantity for exports. This is attributed to the financial cost of producing larger quantities and export activities, low levels of education, training and awareness of various facets of entrepreneurship, low levels of technology usage, labor intensive and lack of innovation. Most SMEs in Ghana are run as family business since they are mostly family owned with their finances mostly managed by the business owners (Ackah & Vuvor, 2011). Mensah (2004), also reported that Ghanaian SMEs are mostly owned by a single individuals with almost all decisions taken by the owner even in the face of the owner not be too educated and has limited knowledge of technological usages and credit market. Such owners mostly are characterized by weak management skills, lack of technical know-how and extreme working capital volatility (Mensah, 2004).

In Ghana, SMEs businesses ranges from various forms of enterprises like retail, provision shops and supermarkets, restaurants and food vendors, hair dressing and barbering saloons, clothing and tailoring shops, carpentry and furniture making shops as well as small scale manufacturers of assorted items such as fruit drinks, sachet water, etc. (Kayanula and Quartey, 2010; Ackah and Vuvor, 2011). Ghanaian SME sector, according to literature is challenged with a number of factors. Agbozo et al., (2012) after examining 30 SMEs with data from the NBSSE outline some challenges like difficulty in accessing finance, high cost of production, competition from foreign firms and lack of skilled labor (Agbozo et al., 2012).

Similarly, Omidyar Network (2013), Abor & Biekpe (2007; 2006); Ahinful (2012), Mensah (2004) all identified challenges like access to finance and high cost of production as well as low

pace of skilled labor as bedeviling the growth and effectiveness of the Ghanaian female entrepreneurs and entrepreneurs in Ghana.

2.4 Women Entrepreneurs and SMEs

A few examinations and research discoveries have indicated the way that women business people, contrasted with their male partners, are more engaged with SMEs and they are seen to be extremely effective in the segment (Brush et al. 2006; Coughlin, 2012; OECD, 2011, 2004). Studies have affirmed that female business people are the quickest developing fragment of the SME populace, with their numbers expanding drastically since 1980. SMEs are accounted for to develop at a quicker rate than the economy all in all in a few nations (Moore and Buttner, 2011). Female business visionaries are performing altogether well in the segment and contributing tremendously to the financial, social and political progression of numerous nations. For instance in Australia and the United States, the advancement of female business visionaries in SMEs has been critical and relentless in the course of the most recent two decades. Studies have demonstrated that the quantity of firms made and overseen by female business people in the United States has developed twice as quickly as those set up and overseen by men (Brush et al. 2006; Coughlin 2012).

Likewise, in Romania, the OECD (2011) detailed that females make extensive quantities of SMEs, either alone or in relationship with others. Essentially, Butler (2013) discovered that ladies business visionaries in Greece, Austria, the United Kingdom, Denmark, the Netherlands and France are for the most part in SMEs.

Albeit little is thought about female business visionaries in creating nations, Tinker (2009) discovered that undertakings worked by this female bunch essentially around SMEs in the

exchanges and administrations. Tinker additionally uncovered that contrasted with male undertakings, female ventures are essentially SMEs situated in creating nations. McDade & Spring (2005) likewise affirmed that most African ladies business people's organizations are SMEs. In concurrence with these exploration discoveries, Coughlin (2012) seen that a huge number of female business people are connected in a roundabout way to the universal market through SMEs including little sub-contracted workshops, or as piece-based home specialists for fare enterprises. Women claimed SMEs are amassed in SME areas, for example, farming, materials, and dress. Coughlin discovered that these divisions are winding up more firmly incorporated into the worldwide exchanging framework. In investigating why women business visionaries' exercises are for the most part SME based, most examinations evaluated contended that the idea of SMEs is extremely helpful for ladies. For example, the adaptable and 'simple' passage nature of the SMEs has made it very simple for ladies to be prevalent in the segment. Women need organizations that they can join with family life by taking care of their kids and their family unit and acquiring some salary in the meantime. SMEs have given that chance to them to work wherever and at whatever point they need to. Henceforth women business people in SMEs are in more control of their time and they can work their organizations around the requirements of their families.

Research has likewise uncovered that lady take part in pioneering dares to put their insight and aptitudes to utilize, regardless of the span of the endeavor. Above all, the longing to be free and have command over one's life, not really to profit, has been observed to be the ladies' inspirations for the foundation of the SMEs (Capowski 2008; Fielden & Davidson 2012; Lee-Gosselin & Grise, 2007). Moreover, women business visionaries appear to incline toward a more people-arranged and less totalitarian administration style.

Research has affirmed that once in a while do women business visionaries have formal operational approaches, formal arranging procedures, or sets of expectations (Hisrich & Brush, 2016). Women business people work and deal with their organizations effectively in a more loosened up way. Another reason given in writing for ladies' inclination for SMEs is the lower start-up costs included (Therrien et al, 2007). The reasons gave in writing to ladies' control in SMEs are for the most part fundamental highlights of SMEs. In this manner, the nature of SMEs suits ladies' needs and inspirations, and are extraordinary mechanisms for them to display their innovative abilities. Therefore, without uncertainty, ladies business visionaries are transcendently found in SMEs, and the advantages that both created and creating nations get from their exercises are colossal. For example, the interesting characteristics and abilities which ladies business visionaries bring into SMEs establish a genuine potential wellspring of development for economies. These women exercises in SMEs yield incredible advantages for their nations, particularly creating ones, in the territories of ability development and business age. They utilize basically locally accessible crude materials and basic apparatuses, hardware and gear that are to a great extent less capital serious. These ladies are additionally engaged with the preparation of qualified faculty required for industry through apprenticeship. Most surprisingly, they contribute extraordinarily to invigorating innovative and administrative ability at the nearby dimension.

On account of Ghanaian women business visionaries for example, they are scattered all over Ghana and assume a critical job in disposing of provincial awkward nature and advancing financial action. Surprisingly, the OECD, in inspecting the advantages related with women business visionaries' SMEs in its 2005 report, contended that ladies and different economies remain to increase financial, social and political headway from these business exercises. Financially, they contended that ladies possessed SMEs are making work for the ladies and

others. Numerous organizations put resources into their female staff individuals over the long haul, yet don't elevate them to the most noteworthy administration positions – the 'unfair limitation' impact (Moore and Buttner, 2011).

The SMEs give chances to these ladies to fan out and make their very own organizations. This open door likewise empowers the ladies to profit by their obtained abilities and preparing. Independent work offered by the making of SMEs serves incredibly as a departure from joblessness. Socially, it has been noticed that SME creation can offer women the likelihood of adjusting work and family obligations, therefore adding to family prosperity and enhancing social union (Brush et al. 2006; Coughlin 2012; OECD, 2009). Adjusting vocation and family duties can speak to a test for women businesses. Additionally, an expansion in women's self-governance which turns out from the creation and administration of SMEs can enable ladies to play more dynamic and agent jobs in the financial and political existence of their nations. This will decrease the aberrations among women and men.

A reasonable derivation from the writing on SMEs is that these undertakings are exceptionally essential to economies; hence no nation can disregard them. They are perceived as significant players in development and occupation creation. Writing audited uncovered that, albeit, more ladies are going into enterprise, just a couple of them claim expansive organizations. An expanding number of them are responding to the call of making and dealing with their own SMEs. The SMEs offer these women critical chances to build up their business age abilities and their enterprising and administrative potential. It has been set up that women possessed SMEs involve the quickest developing portions of organizations on the planet. The positive effect and commitment of these ladies on themselves and their nations is extremely noteworthy, since they

take part in numerous financially beneficial endeavours. In light of these substances, considers should be directed and measures set up to advance and support ladies claimed SMEs.

Then again, writing featured significant impediments, for example, absence of access to reserves, administrative insufficiencies, absence of interior and outer help, and nonattendance of a self-supporting legislative mediation. These impediments influence the execution of the ladies business people in the area. Their commitment could turn out to be much more noteworthy if the deterrents were evacuated with the goal that their potential could be completely tapped. SMEs, especially in Ghana, are a noteworthy segment of the economy. Encouraging the support of Ghanaian women business visionaries in solid and lively SMEs is in this manner critical to the financial, social and political advancement of the nation. Investigation into these critical zones in Ghana will help bring out impossible to miss difficulties and issues in the area. It will likewise extend all partners' comprehension of these vital zones and empower measures to be formulated to help the ladies to perform much better in the segment.

2.5 Motivations for Business Ownership Perspectives – Why Do Women Entrepreneurs Go into Business?

Another key determinant of successful entrepreneurship is the motivations for business ownership. Many previous studies (Fielden and Davidson 2015; Brush et al., 2006; Moore 2011; Lerner et al., 2011) have examined reasons why entrepreneurs chose their profession as against others. These studies conclude that a range of factors serves as the grounds for entrepreneurs' choice of business. For instance, motivations such as the desire for achievement, independence, and the freedom to control have been researched by (Lerner et al., 2011). Economic motivators researched into includes, income generation, a means for wealth creation, and control over the products and employees (Bennet & Dann, 2012). In addition, “dissatisfaction with

circumstances can describe a combination of factors including disillusionment with career, perceived lack of career opportunities, the glass ceiling, flexible work patterns and the challenge of business ownership (Bennet & Dann, 2012; Carter et al. 2010).

Women's entrepreneurship studies outlines the motivations for women's ventures in two broad categories; extrinsic motives including dissatisfaction over employment, and intrinsic motives like desire for independence and ability to balance work commitments with family responsibilities. Extensive investigation on women entrepreneurship suggests that women commonly prefer to be self-employed for intrinsic reasons (Brush et al. 2006; Kjeldsen & Nielsen 2012). In theorizing why women enter into entrepreneurship, various modern researchers have found it useful to explain motivations under the categories of 'push' and 'pull' factors (Brush 2008; Buame 2013; Moore & Buttner 2011; OECD 2009).

2.5.1 Economic Motivations.

According to the push and pull factor factors, one major factor pushing women into entrepreneurship is the quest to generate their own income. Coughlin (2012) indicated largely, women are at a disadvantage position in all countries compared their male counterpart. Most socio-cultural practices shun women from being the primary bread winners of their families. However, with the increasing pace of women being educated, divorce among marital couples and most women becoming single parents, the urge to become bread winners for their respective families is increasing leading to most of them starting their own businesses. Again, in many cases, due to the dwindling fortunes of men in generating income coupled with the unease economic conditions with the ever increasing and growing demands for families has called for the intervention of most women in the income generating spleen.

2.5.2 Social Motivations

According to Coughlin (2012, pg 18) the motivators embedded in the push and pull factor theory such as the need for flexible hours, unacceptable working conditions, lack of childcare facilities, wage gap between men and women and job frustration have been categorized and analyzed as social motivations for women to start business ventures". Coughlin believe such socio-cultural factors play important roles in shaping the decision of most women entrepreneurs around, particularly in developing countries like Ghana where largely, it's the responsibility of the women to take control of the home, children and other equally important family affairs.

2.5.3 Personal Motivations

Another set of motivators included in the push and pull factors of entrepreneurship has been the quest to have personal freedom, to control one's job preference, ambition and passion. Coughlin describes these set of motivations as the most interesting groups of motivators towards entrepreneurship. Following this, most women venture into entrepreneurship because of their desire to do a particular kind of activity which they find interesting in relation to their passion.

2.6 Contributions of Women SMEs to Economic Growth and Development in Ghana

Various studies have been conducted on the significant contribution of the SME sector growth and development of countries, both developed and developing. Data firm level data of 76 countries, Ayyagari et al., (2007), SMEs account for about 55% of employment generation sources in the manufacturing sectors of such countries, including Ghana. SMEs often makes up about 99 percent of all enterprises in most countries and account for between 40-70% of employment generation sources as well as taking up to about 50% of all manufacturing output in most countries. Specifically in developing countries, according to the UNCTAD (2005) in Abor

& Biekpe (2007); Abor & Quartey (2010), SMEs make up for around 98% of enterprises, 50-80% of industrial employment and 50% of industrial output.

In Ghana, the SME sector plays a major role in the socio-economic development arena. Major areas of contribution includes tax and revenue generation for the government, employment and individual income generation, reduction in the pace of social vices culminating from unemployment among such benefits and contributions to the state. In SMEs' growth rate was higher of about 5% than micro and large scale enterprise and the contribution of the sector to GDP was about 6% in 2011, 7% percent in 2013 and around 7.5 in 2017 (GSS, 2015).

Again, Abor & Quartey (2010) indicated that SMEs in Ghana contributed 85% to the manufacturing sector and about 70% of GDP.

In addition, according to the GSS as capture in Abor & Quartey (2010), SMEs form about 90 percent of all registered businesses in Ghana as well as serving as a ready market for most industrial and consumer goods manufactured by other large firms (Abor and Quartey, 2010). De la Torre et al., (2008) also presented that, the informal sector of Ghana employs majority of citizens particularly women and which results in the their survival and ability to provide for their families. Again, the report emphasized of the SME sector being the sole sector that keeps most people particularly women due to the several factors like low levels of education among women and which prevents majority of them from working in the formal sector. Moreover, the SME sector serves as the easiest arena of businesses for women owing to the highly informal nature of the Ghanaian economy. These reports do not stand in isolation as the GSS also confirms of the great contribution presented by the SME sector in respective years of assessment. The informal economy of Ghana, led by SMEs, significantly provided around 54.9% of work for females, out

of a total of 90% labor force in the sector (GSS, 2015). These figures illustrate the significant contribution of the SME sector to the growth and development of the Ghanaian economy.

2.6.1 Problems Facing Women SMEs and Entrepreneurs in Ghana

In both the advanced and developing economies of the world, SMEs face serious of challenges regardless of the gender of the business owners (Stephanou & Rodriguez, 2008). In the particular case of developing countries, the challenge faced by SMEs is the limited access to credit facilities emanating from high interest charges from both the traditional banks and micro finance institutions, increasing competition, sluggish demand, insufficient supply of business inputs such equipment, machines, raw materials, electricity and fuel and problems relating to business environment (Seibel, 1996).

In Ghana, studies on entrepreneurship financing outlines challenges like lack of access to finance, low demand for output, technology, raw materials, labour and management, infrastructure, marketing and business environment problems (Ahinful, 2012; Abor & Biekpe 2007; Abor & Biekpe, 2006; Osei-Assibey, 2013; Kayanula and Quartey, 2010).

2.6.2 Lack of Access to Credit

Lack of access to financial resources as a challenge to SMEs around the world, has been well researched and documented in literature (Stephanou and Rodriguez, 2008). Studies on entrepreneurship financing found that there is a financing gap to SMEs in both the developed and developing societies (Osei-Assibey, 2013; Kayanula & Quartey 2010; Beck and Cull, 2014; Baah-Nuakoh, 2003). The World Bank Enterprise Surveys (2013) identified access to finance as one major constraint to the success and development of SMEs across the globe. In an examination of SME financing in Sub-Saharan Africa (SSA) and other developing countries,

Beck & Cull (2014) found out that, over 25% of SMEs in Africa rated availability, high interest rate as the principal challenge to the growth and development of SMEs.

In relation to Ghana, Aryeetey et al., (1994) as cited in Baah-Nuakoh (2003) after an examination of 133 firms, concluded that, access to finances is challenging factor to the operation of SMEs. This more so as over 60% of the sampled firms outlined access to credit as the most major constraint to their growth. In addition to this, Baah- Nuakoh (2003) examined 200 firms on the constraint to SMEs growth in Ghana and found out limited access to credit as the main problem facing the expansion of SMEs. Specifically, finance was cited as a major constraint by micro firms (55 %), small firms (57%), medium-sized firms (29%) and large firms (32%). On a scale of 1 (not important) to 5 (very important) to measure the extent of severity, lack of access to finance is the most severe constraint (3.80) among all firms, with micro firms (3.71), small firms (4.08), medium-sized firms (3.49) and large firms (3.21).

In furtherance to this, Ando & Quaye (2013); (Bruns & Fletcher, 2008 as in Ando & Quaye, 2013); Aryeetey, (1998 in Abor, 2007); Biekpe, 92004 as in Agbozo et al., 2012) Agbozo et al (2012) all stated that, financing SMEs is a major problem in Ghana and most other developing countries. This they are reported is due to harsh conditionalities set by traditional sources of financing like bank, micro financial institutions, and venture capital sources. For instance, interest rates on loans in Ghana hovers around 35.50 percent in 2018; 42.84 percent in 2016 (Bank Lending Rate, 2018) and around 27 percent in 2013 (Ando & Quaye, 2013) with other demands like collateral, bankable projects as well as commercialization of the microfinance sector.

2.6.3 Lack of Access to Qualified Labour Force

In Ghana, SMEs both female and male run, lack in most cases, the requisite kind of human resources to man the affairs of their businesses and this impact the expansion and growth rate of the respective SMEs in the country. This is particular as most of such ventures do not offer adequate training and skill development to their employees. Kayanula & Quartey (2010) submitted, for instance that, lack of skilled employees' stifles creativity and innovation, raises cost and reduces flexibility in management operations.

2.6.4 Equipment and Technology

Another major challenge facing women run SMEs in Ghana and most developing countries has been the lack of appropriate technologies and information on new and modern techniques of production. The situation thus force majority of such firms to rely on manpower as well as old-fashioned systems in the course of their businesses. Thus impacting negatively on production levels and expansion rate, greatly.

2.6.5 Low Level of Domestic Demand

Most Ghanaian SMEs also cite low patronage of local commodities against foreign one as the bane to their growth and development as the low sales affect their income and profit generation thus impacting on their ability to finance most initiatives (Baah-Nuakoh, 2003 in Kayanula & Quartey, 2010).

2.6.6 Competition from the International Markets

SMEs in Ghana are also faced by the challenge of fierce competition from foreign based agencies and companies that commonly venture in the production lines of local firms as well as the importation of various substitute goods at cheaper prices into the system. A related challenge

to this is the ability to export goods and services to international market, poor standardization and lack of access to international partners forestalls their inability to raise the needed resources for growth and expansion (Kayanula & Quartey, 2010).

2.6.7 Customs and Trade Regulations

Another facet of the challenges to SMEs financing is the issue of tough customs and trade regulations. According to a study by the WBES (2013), SMEs in Ghana are faced with high import charges, tough procedures in clearing goods and services from the port, as well as charges and unfavorable conditions of exporting goods and services thus forcing majority of such capable firms to be limited to their local produced.

2.6.8 Social-Cultural Constraints

Female entrepreneurs face certain social-cultural related challenges in the performance of their roles as business women in Ghana. Majority of Ghanaian women, socio-culturally are responsible for keeping the home. Thus far, starting a business comes a difficult venture as most of them find it difficult in combining their traditionally ascribed roles of catering for the home with the business development initiative. This kind of socio-cultural environment impact on the business and entrepreneurial ability of most women in Ghana (Dzisi, 2006).

2.7 Sources of Women and Entrepreneurship Financing in Ghana

SMEs financing literature in Ghana and beyond outlines three major sources of financing SME activities. Mensah (2004) as in Andoh & Quaye, 2013; 2011), outlined them as formal, semi-formal and informal sources of financing. The formal sector comprises the banking industries whereas the semi-formal takes on the “Credit Unions, savings and credit Co-operatives and a number of NGOs” (Jones et al., 2000 Ando & Quaye, 2011). The informal sector however is

made up “moneylenders, Susu collectors (savings mobilisers), traders, agricultural processors and input distributors, Susu groups/ROSCAs (Rotating Savings and Credit Associations), and friends and relatives” (Jones et al., 2000 in Ando & Quaye, 2011). Among these sources, the banks and micro finance are the most sought-after source through its various initiatives like loans, and other credit facilities, (Alabi et al., 2007).

In the case of semi-formal sector sources of financing entrepreneurship in Ghana, a study by Chu and Benzing (2007) on 156 Ghanaian entrepreneurs indicated that 95% of businesses in Ghana are resourced from personal and family savings indicating that largely, Ghanaian businesses rely on savings for their financial needs. According to the Harrod-Domar growth model, “savings and economic growth are positively correlated because savings are used to finance investment which in turn stimulates growth” (Todaro et al, 2011, pg.11). However, studies on savings in Ghana indicate that the level of savings is low even among those who save and this is indicated by the small proportion of people who have bank accounts (Asante Bremang, 2012).

Similar to formal saving scheme for entrepreneurship is susu schemes. Susu, a traditional scheme among residents in a given locality where savings are done particularly to support their financial needs be it businesses or individual requirements. In most instances, individual members of susu schemes have benefited from their contributions for business purposes and this has largely been employed by most people as startup capital for their entrepreneurial activities. Again, among business people or entrepreneurs, traditional susu schemes are adopted as a means of building up capital to support the growth and development of their businesses and this operated by most people in the country. According to the World Bank (1994), Susu “has been a major source of fund mobilization for many MSEs in Ghana” (World Bank, 1994 in Alabi, 2007). Barclays Ghana terms it as the “Ghanaian Micro-finance” (Barclays Ghana qtd. in Alabi, 2007). Alabi

(2007) further intimated that, susu helps in the development and growth of Ghanaian SMEs. Going by this, it could be argued that susu schemes play a pivotal role in the financing of entrepreneurship in Ghana. However, the form and sum of contributions made through susu scheme could only help in small businesses and whereas large businesses that require lump sum amount of money is likely to suffer as the scheme is not able to raise adequate amount of money needed to fund such big businesses.

2.8 Entrepreneurship Financing Intervention by the Government

Governments, both past and present have introduced several measures towards the. In Ghana, government has introduced financing schemes and programs like Austrian Import Program (1990), the Japanese Non-Project Grants (1987-2000) and the Canadian Structural Adjustment Fund and Support for Public Expenditure Reforms (SPER), the Business Assistance Fund, the Ghana Investment Fund and the Export Development and Investment Fund (EDIF), Skills Development Fund (SDF), the National Entrepreneurship Programme (NEIP), the Micro finance and Small Scale Centre (MASLOC) and the Venture Capital Trust Fund.

Despite the presence of these International and government interventions towards financing entrepreneurship, much gain has not been achieved by business men and startups in the country. This is evident in the study conducted by Omidyar Network (2013). In his study, an entrepreneur posited that, “the government started some credit facilities, but if you are not one of their cronies, then you can’t get credit” (Entrepreneur, as in Omidyar Network, 2013). The seemingly failure of these interventions by the government indicates of the need for strengthening the entrepreneurship financing base of SMEs with which women are no exception to this.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This section of the research work outlines the process and method which is used to conduct this study. It began by looking at the research design for the study. It also described the population of the study and further detailed the sampling procedure and sample size used for the study. In addition, the type of data and the instrument used to collect the data were also detailed. The chapter conclude by looking at how the research data was collected and a detailed description of how the data was analysed.

3.1 Research Design

Research design refers to the tactical structure that guides research activities to produce a complete result (Durrheim, 1999). It entails all procedures for analyzing and reporting research results. The choice of a particular research design is based on the study objectives and questions (Henning, Van Rensburg & Smit, 2011). The research design of this study is qualitative research design. According to Makitalo (2017) qualitative research design gives detailed description and deeper understanding of events from the experiencer point of view. In order to obtain a full detailed description of events, qualitative method poses questions like why, how, and what. Garcia and Gluesing (2013) further explained that qualitative research design is more suitable when examining unique characteristics of population. Qualitative research design was used in this study because the researcher wanted to gain a comprehensive understanding of financing of entrepreneurship among female start-ups in Accra.

3.2 Study Population

The population of a study refers to the larger pool from which sample elements are drawn and findings are generalised to (Field, 2009). According to Terre-Blanche, Durrheim and Kelly (2006) population consists of all elements that constitute the part of an analysis. The target population for the study was female owned businesses in Accra. The study employed the owners, chief executive officers and other managers who were females and manage female run enterprises in Accra. In the case of the absence of the owners, female managers in place represented the owners of the businesses involved in the study in the case of the absence of the owners.

3.3 Sampling Procedure and Sampling Size

Neuman (2011) explained that the main purpose of sampling is to enable researchers to assess smaller size of a bigger population where a researcher can examine a smaller unit and be able to determine the precise generalizations about the bigger unit. A convenience and accidental sampling technique was used to select the respondents. Convenience sampling is a non-probability sampling technique where research respondents are selected of their availability and willingness to be studied (Saunders & Thornhill, 2012). In all, a sample size of twenty female run businesses in Accra was employed for the study from the over thousands of female run businesses in the city of Accra. The selection of twenty (20) SMEs occurred by employing accidental and convenient means in selecting individual female run businesses by the researcher through visiting and selecting them without any specific strategy but upon considerations like of “female run businesses”, the ease of access to the SME owners, knowledge of the presence of particular female run SME and readiness of business owners to participate in the study. SMEs in the study were selected not through any laid down procedure but through accidental and

convenience. These sampling techniques were considered because of the busy nature of the enterprise owners. A sample size of 20 was considered for the study as it was considered as quite proportional and representative of female run SMEs and would also aid in understanding the characteristics of female run SMEs in Accra. Again, 20 sample size was considered due to the limited time for the research activity.

3.4 Data Source

Both Primary and secondary data was employed for the study. The Primary data was collected and analyzed by means of interviews. Data was sourced from the female owners of female run enterprises in the Greater Accra Region. Also, information from published documents from books and journals were employed.

3.5 Data Collection Instruments

The research instrument for the study was interview survey. According to Al Hajjar (2013), the nature and the scope of data needed to be collected are determined by the research objectives and questions. The study data was collected using semi-structured interview method and was pre-tested with few female SMEs to test the strength and weaknesses of the research instrument. The results of the pre-testing process proved that, the interview guide was well developed and best fit to examine the various questions penciled for the study. The interview guide contained open-ended questions to gather qualitative data. The interview guide enabled the researcher to obtain in-depth information on the issues of financing of female run enterprises chosen for the study. According to Achitsa (2013), interview form of data collection is more preferable because it allows for greater flexibility and control of the interview situation by the interviewer, as well as gives an opportunity for the researcher to use probes and obtain a high response rate. Based on literature, an interview guide which contained two different sections was developed for the

study. Part A of the interview guide contained fifteen (15) different questions on the demographic information of respondents which sought to gather primary data on the various features and background information of various businesses in the study. Part B on the other hand contained sixteen (16) different questions which sought to investigate into the sources of financing SMEs among women as well as the successes and challenges confronting their activities.

3.6 Method for Data Analysis

The method of data analysis is based on the types of research questions or hypotheses the researcher plans to address in the study (Braun & Clarke (2006). The study's data was analysed using thematic analysis. Thematic Analysis is a type of qualitative analysis that is used to analyse classifications and present themes (patterns) that relate to the data. It illustrates the data in great detail and deals with diverse subjects via interpretations (Boyatzis 1998). According to Braun and Clarke (2006) thematic analysis consists of five steps: data familiarisation, code generation, theme search, themes revision, and theme definition. The data collected for this study was analysed using thematic analysis model where information gathered from interviews were coded with recordings transcribed into writing by the researcher. Data were put under themes which correlate with the objectives guiding the study. Moreover, in the event where same or similar information were derived from different participant, there were correlated and treated as one where as exceptional information or emphasis were treated differently with in an italicized format.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

The fourth chapter of this research work takes on the data gathered from the field work, analysis and discussion of findings as regards the research topic “Entrepreneurship Financing amongst Female SMEs in Accra: The Enablers and Challenges”. The presentation of data on the study is organized in relation to the objectives set out for accomplishment in the study. Presentation was done using thematic analysis modes of presentation and accompanied with detailed descriptive and exploratory analysis and discussions. Data for study was gathered from female run SMEs in the vicinity of Accra. A total of twenty (20) respondents were employed for the data collection process in the study. Respondents cut across different forms of female run SMEs.

The study employed semi-structured interviews for its data collection process. It is important to mention that, all respondents earmarked for the study participated in the data collection process and this gave a greater response rate necessary to aid in the conduct of the study and subsequent drawing of conclusion for the study. The findings of the study were discussed under five main thematic areas; background characteristics of respondents, sources of financing SMEs among female in Accra, enabling factors in financing SMEs among female businesses, challenges faced by female in SMEs enterprises, and critical success measures in addressing the challenges faced by female SMEs in Accra.

4.1 Background Characteristics of Respondents in the Study

Table 4.1: Background Information of Respondents in the Study

Features	Frequency	Percentage (%)
Sex	20	100
Female	20	100
Total	20	100.00
Age		
25 - 35	10	50
36 - 46	8	40
47 - 60	2	10
Total	20	100.00
Marital Status		
Divorcee	5	25
Single	5	25
Married	10	50
Total	20	100.00
Educational Qualification		
SSS	3	15
BA	12	60
PG	5	25
Total	20	100.00

Table 4.1: Background Information of Respondents in the Study

Features	Frequency	Percentage (%)
Ethnic Background	20	100
Akan Group	11	55
Ewe	4	20
Northerners	2	10
Ga-Adamgbe	3	15
Total	20	100.00
Birth Status		
Respondents without children	3	20
Respondents with Children	17	85
Total	20	100.00

Source: Field Data, 2019.

Table 4.1 presents the background characteristics of female respondents in the study on the enabling factors and challenges confronting female run businesses. Respondent characteristics entail the sexual composition, age and educational status, ethnic background and birth status as well as marital and age status of respondents in the study.

The composition of only females in the study was due to the objectives and focus of the study set out to examine only the issues surrounding female run businesses in Accra. Regarding the characteristics of age of respondents, as respondents with the ratio of ten (10) and representing 50% of the entire respondent's ratio fall within the age group of 25-35 whereas a smaller ratio of two (2) with 10 % falls within the age bracket of 47-60 respectively. Data on the age composition of respondents indicate dispersed age groups of respondents. This indicates that the

study was composed of people with different age groups, experiences, world view and understanding as regards female businesses in Accra. By this difference in the ages of respondents, they were well positioned to offer different views as regards their age factors, exposure and experiences with regards to female businesses in the country. The differences in age composition of respondents was not under the influence and choice of the researcher but due to the respondents who were available and offered themselves to participate in the study.

Moreover, regarding the feature of marital status of respondents, table 4.1 indicates that, of the entire twenty (20) respondents, married women were more and took up a whopping fifty (50%) of the respondent's size whereas divorcee and single women were each five (5) taking up 25% each. This indicates of more respondents being married women as against those in the single and divorcee brackets. It is important to mention that, these differences in the marital status of respondents did not in any way influence the data collection process and data gathered and which subsequently aided the discussion and conclusion of the research work.

On the feature of educational qualification, as three (3) of them representing 15% of the entire respondent's ratio have obtained the SSS certificate level, twelve (12) making up a greater percentage of 60% have also secured their bachelor degree education. It is pretty clear from the above educational status that, respondents are well educated and better positioned to participate in the study as well as understand the questions and objectives penciled for the study. The high educational qualification status of respondents thus aided in the data gathering process and objectives attainment of the study. Differences in the educational status of respondents were in no way influenced by the researcher.

4.1.1 Employment History of Respondents

Another area of examination of background characteristics of respondents in the study was the employment history of various respondents in the study. Table 4.2 represents the employment background of various respondents in the study.

Table 4.2 History of Employment of Respondents

Sector	Areas	Ratio (20)
Public	Teaching, Health, Security and Local Government	4
Private	Automobile, Petro-chemical, Banking, and Construction	4
SME	Food, Cosmetics, Hair Products, Water etc	12
Total		20

Source: Field data, 2019

According to primary data gathered for the study, some respondents in the study had in some cases and some even continue to work in both public and private organizations aside their current SME businesses. Of those in this category making up eight (8) and representing 40%, they have worked in government sectors as public servants in sectors like education, health, security, local government, among such others whereas others have worked in private organizations like automobiles, Petro-chemical, construction, banking and many such other places run by private agencies. Respondents further added that, they have held various positions in their former and current organizations of work for several years running. As five (5) have held positions for at least 10 years in their career, the remaining group also have served for less than 10 years in

various capacities. Positions served by respondents as they indicated included unit heads, managers, head teachers, cashiers, head of dispensary, tellers, head of supervision, administrative heads among such other portfolios in their respective organizations.

On the other hand, the remaining twelve (12) group of respondents in the study making up 60% indicated during the interview process that, they have been entrepreneurs since leaving formal education and that they have not worked in the private or government sector before. This they explained that, their quest to work in the SME sector have been motivated by their passion to not work for anybody but on their own and thus they did not border much looking for formal employment at any agency. In the view of one interviewee, she intimated as;

“As for me, I have always wanted to be my own boss and that during my school days even, I was selling petty stuff on campus at my hostel and when I came home. It has just been a passion and I have carried it to this level and now look at me and what I do”

(Female SME Owner, Accra, 2019).

4.1.2 Motivations for Business Ownership and Business Profile of Respondents

In a further examination of the background characteristics of respondents in the study, it was necessary to examine their motivation for venturing such businesses and the kinds of activities or businesses they are engaged in. This sub-section presents details of the motivation for business and the nature of respondents as gathered from the interview process. With regards to the motivation for entrepreneurship as posed to interviews, varying degrees of factors although similar in some instances were considered. Among such motivation factors as presented are discussed;

First, interviewees with the ratio of nine (9), explained their motivation for being female entrepreneurs as the quest to have their independence. Independence, according to interviewee entails the freedom from rules and regulations, controls and directions as well as orders from authority at work pertaining to either do this kind of task or another. On their part, their interest to being their own authority and control their own affairs largely resulted in the setting up of their personal business so that they manage on their own. Interviewees further added that, in most cases, working for other people calls for orders and control of all sort. Controls include issues of time of reporting and leaving the work place, the nature of work at a point in time. However, with private businesses they are rather on their own to control others and not the other way around. This desire to have autonomy to a larger extent influenced their current entrepreneurship practice more especially after having worked in corporate world and the government sector for a while. Winn (2004), Orhan & Scott, (2000) as contained in Bamfo and Appiah (2012) and Bamfo and Appiah (2012) similarly cited women tend to become entrepreneurs because they develop desire to be their own bosses and to control their own affairs whilst fulfilling their dreams. This confirms the notion that women are not only good at managing homes but also are seeking to have career as a way of having the flexibility and autonomy and seeking ways for (Win, 2004 as cited in Bamfo and Appiah, 2012) managing their affairs.

Another factor of motivation as presented by interviewees numbering six (6) and representing a percentage of 30% indicated of the quest to have time for their families as necessitating their entrepreneurship drive currently. According to those in this category, working in the formal sector, private and/or public requires that, the individual employee spends much time at the work place as against limited time for their families. Meanwhile, the nature of current family settings

does not support a system in the country. This is more as in most homes now; the nuclear family system has dominated in the city with majority of the men in such families working in public and private sector organizations. In this instance, fathers spend all their time at the work place leaving women with the responsibility catering for the children in terms of their schooling and other related duties. However, the corporate world does not permit women to cater for their family as they would have to be and, in most instances, one is compelled to hire a house help. Private business, however allows us time for the family and children in particular. This largely contributed to our choice of business, they fumed.

Further to the above, interviewees listed the quest to generate their own income and take full charge of their financial responsibility, motivated their entrepreneurial drive. Respondents conceived that, entrepreneurship is the best way for one to ensure sustained income generation as it belong to the individual and not another who has to pay them before they survive. In working for someone else, not until payment season begins, one cannot make any money from the agency and this sometimes presents financial challenges coupled with low wage and salary rate for employees in Ghana particularly those in the private sector. As a result, anyone who envisage to generate higher income to ensure sustained family sources and growth must consider venturing into entrepreneurship. This is more so as its presents better financial system and standards particularly when the business thrives so well. Indeed the quest of women to generate their own and additional income through business has been buttressed in most researches. For instance, Bamfo and Appiah submitted that in their study on women SMEs in Ghana, majority of those investigated were motivated by the quest to have financial freedom as a way of development and having better family life. This is more as most female SMEs believe they are posited to attract many gains compared to working for private organizations and the government that pays less at

the end of the year. This study greatly agrees with the notion expressed by female SMEs in this research that, one principal motivation was the desire to be financially independent.

Finally, respondents explained their motivation behind entrepreneurship to have been their desire to create something new unto the market as well serves the need of particular community in which they found themselves. Explaining further, those in this bracket of participant intimated that, there have been cases where some particular commodity and service are needed by a section of the population in the country and thus require the introduction of such a product or service that could meet the needs and demands of community. Their drive to thus solve such societal demands and create a new product or brand unto the market in this capacity led to the creation and subsequent involvement in the business of entrepreneurship. In the words of one participant, she put it as;

“Our desire to enter into individual business was occasioned by the need to meet a particular kind of service which was lacking in our community. Even though such services or products may be in existence one way or another, a different form of it was needed to complete customer’s tastes and demands. Moreover, in some areas of our operation, certain kinds of services do not exist and residents would need them to satisfy their demands for livelihood in the area. Entering into private business was thus to meet such communal demands aside other reasons” (CEO FuguPlus, 2019).

In a related study, Bamfo and Appiah (2012) submitted that, most women engaged in SMEs aimed to pursue a novel idea of creating something new onto the market to meet the needs and demands of consumers as well as contribute to society by means of employment generation, serving as imitators and owners of particular brand among such others. This is in no way

different from the position expressed by women in the study that their motivation to take up SMEs business was to create something special within their vicinity to serve the needs of community and providing opportunities for the youth to work as well.

4.1.3 Business Profile of Respondents

Another major factor of examining the demographic characteristics was the profile and nature of businesses undertaken by participant. It is interesting to note that the entire twenty (20) participants in the study actually answered to various questions on business profile examination.

On the examination of the type or nature of business engaged in by respondents, of the total 20 participant, six (30%) of them are into food businesses whereas nine (45%) are into hair products and services and cosmetics sales. On the other hand, three others (15%) deal in clothing whereas the remaining two making up (10%) are into sale and distribution of mineral water on large scale. All respondents representing 100% response rate mentioned of being the sole owners of their businesses and also taking up the role as managers and decision makers although in some cases their relatives and husbands in particular help them, they serve as the main agents of management and owners of the business.

In terms of the years of service in the business, respondents with the ratio of eleven (11) representing 55% indicated of being in business for a period of ten years and over whereas others making up of 9 and representing 45% indicated of having being entrepreneurs between 2 to 10years. The years of entrepreneurship as presented above indicates a highly possibility of participants experience in the field of entrepreneurship and thus were in a good position to assist in the conduct of quality research work on female entrepreneurship in Accra.

Finally, on the profile of the number of employees hired by participants, as thirteen (65%) indicated of having between 2-10 employees at the time of data collection, the remaining 35% of participant indicated of having more than ten employees. Some in the minority group on this however indicated that, not all of their employees are permanent such that, sometimes temporal workers are hired to assist in the conduct of business.

4.2 What are the Sources of Financing SMEs among female in Accra?

The first research question set out for investigation study was to examine the various sources of financing the activities, operations and businesses of various female SMEs within the capital city of Ghana. It is important to establish that participant in the study spoke of several but similar financial sources of managing their SMEs. All respondents wholly contributed to the generation of primary data on this particular research objective. This therefore resulted in a more than proportionate examination of how female run SMEs in Accra generate income even for the start of their businesses. Responses generated were compared and contrasted with similarities and sameness established by the researcher. Responses from different participant but with the same meaning were thus put together as one and treated as such. Among the various sources of financing female SMEs are; family and peer contribution, individual savings, loans and credit facility, and plough-back profit scheme.

In relation to the family and peer source of financing female SMEs in Accra, throughout the interview process, participant explained that, initial capital for the business was supported by family member's contributions in their addition to their personal contributions. Family members, according to participant who mostly aided such businesses were husbands, siblings, particularly their brothers who were financially sound and were contacted to solicit support from them. Interviews indicated further that, during such period of their business establishment, either they

were unemployed, or were in employment but how to obtain financial support to set up businesses on their own was difficult such that, their capital at the time could not merit the nature of business they envisaged to engage in. Family members were therefore contacted, further discussed their business plans with them and solicited funds to assist in the setting up of their business. In most cases, husbands volunteered greater amount of funds for this cause and largely supported by other members of their respective families to ensure the operationalization of the business. In the views of some participants, they posited as;

“As for me, when I completed school, I had applied to several businesses and companies for employment but I was unable to secured one. I stay at home for several years taking care of my children. I was almost like a house wife and could do little to support the family. After about four years of not securing formal employment, I discussed with my husband my desire to do my own business so I can help the family. He asked of my kind of business and I explained my desire to deal in food stuffs and restaurant business, since our area is made up of corporate organizations. He agreed and asked that, we search for a convenient place for citing the business. My husband supported the business with almost about 10,000 cedis, that’s about 10 years ago and my brothers abroad also assisted. I did not have money at the time and as such could not help financially” (Restaurant Operator, 2019). Another also conjectured;

“I was working in a private company but the salary was too small. I really wanted to do something for myself but I did not have the means. As a result, I had to fall on my family members. I have three other siblings and being the youngest sister, they did not hesitate to help me at all. One of them is in the states and the other two are in Ghana here. They all contributed something substantial for the start of the business as regards issues of

land and container acquisition as well as the purchasing of the initial goods. My brother in the states actually shipped a whole container of goods for the start-up, she added” (Cosmetic Shop Operator, 2019).

Another major source of female SMEs financing in Accra as posted by interviewees is individual savings. Individual savings according to participant entails the personal proceeds made by individual women from various works undertaken and saved with the bank or any other financial institution with which they sought to invest such savings into private based businesses. On their part, a major source of financing women led SMEs as in their case and most others in the city of Accra has been the investment of individual accumulated savings over some time. Savings could be from formal employment or other private businesses which could be used to set up another business. On the part of nine (9) interviewees making up 45% response rate, a greater part of their seed capital emerged from their personal savings accumulated over a long period of time. Interviewees indicated that, these savings were used to secure land, rent or buy shop and/or purchase goods and services for the start-up. A further probe led to the remarks of one participant as;

“In the case of this my shop you are seeing, I set it up with my personal proceeds as banker before even marrying. I was single then and did not have any financial support from either my family or any man. As an employee then in one of the defunct banks now, I had saved for several years and decided to invest into this food business. Even though some people helped in one way or the other. At least 80% of investment towards its functioning was from personal savings” she indicated (CEO Finger Licks Restaurant, 2019).

In addition to the already discussed sources of financing is that of bank loans and credit facility. Women who were involved in the study presented that, they have relied in some cases on the banks in terms of securing funds, loans and credit facilities to support their SME drive either at the start or in the course of its running. This particularly source, according to primary data gathered had been used by thirteen (13) of the participants in the study and making up 65%. On the part of those who made mention of this, bank loans have been used and other credit facilities have also been employed by them to finance their business on several occasions. Loans have been used particularly from micro credit organizations to support their financial position. Loans secured were used to expand the business in terms of selling more goods, purchasing other essential materials necessary to aid in the growth of the business and many such other things. The acquisition of loans and some other credit facilities from various financial institutions have thus being employed to contribute to the success of our SME business currently.

According to primary data gathered, a major source of financing SMEs among Women in Accra has been the application of plough-back profit scheme. Plough back profit scheme was defined by participants as a system in which profit, proceeds, and/or revenue generated from their businesses are re-invested into sustaining, expanding and/or meeting some other important needs of the current business. Plough back profit scheme, they added either is re-invested in their current line of business or employed to create another form of business. Participant in this category explained that, sometimes due to the difficulty encountered in the search for additional finance in expanding business as regards the high interest rate on bank loans, and in some cases difficulty of securing helping from friends and relatives, profit accumulated is saved and gradually re-invested to expand the business or set up another form of business activity that

would yield more income for them. In a simple narration of how plough back profit scheme works, one interviewee indicated as such;

“For every business, there is certainly going to be profit in a way. Profit may be either high or less and that may not be sufficient to keep even the business women in terms of her personal expenses. However, sometimes, certain amount of monies can be saved from the little proceeds and re-invested into the business. Re-investment may not be huge in several instances, but they nonetheless help in the sustaining and expanding the business. Plough back profit is very essential in sustaining my business. In my case, we use to have an association where we save some profit every week. Then at the end of a month, we give it to one member of the group. This was helping very tremendously in bringing my business to this level. Now, we don’t do that anymore but I personally, dedicate some profit to purchase new goods and add up to my stock. If you are in a good business, you can use plough back profit scheme to even open new branches or other forms of businesses” (Mineral Water Shop Operator, 2019).

4.3 What are the Enabling Factors in Financing SMEs among Female Businesses in Accra?

The second question that guided the research work was to examine the factors present that aid the business and SMEs activities of Women within the vicinity of Accra. Responses on this particular research objective were gathered from all participants in the study. With regards to the primary data gathered for this research on this objective, enabling factors mentioned although had differences, comparatively; they were similar to some extent. Thus far, similar factors named from different respondents were all put together and treated as such whereas quite distinct ones also were discussed differently. Responses show the following as enabling factors of female SMEs in Accra; increasing population, possibility of loan acquisition, increased demands for goods and services, education and improved internet usage.

On the account of all participants in this research work, one major factor to boost women SMEs is the increasing population rate in the capital city of Accra. Accra has fast become the destination point for almost everybody across the length and breadth of the country. Both government and private organizations have their headquarters and most activities are centralized here. The city serves as the capital of the country and almost everything happening within. There are various businesses, work related opportunities, educational facilities and many other such things which attract people to the vicinity. As a result, although being the smaller region in terms of landmark, it has the largest population in the country. Owing to the large population size with majority of such people either having a family or not in town, women are posited well to undertaken some particular kind of activities and the likely of its survival is high, they added. Among such business ventures that has high propensity of survival are food related SMEs, clothes among such others. The ever increasing population rate in the capital city presents a greater opportunity for the undertaking of any form of female SME since its presents the opportunity of readily available market. A further estimation some respondents although different narrations, similarly posited as;

“When you come to Accra, the population is always growing even beyond control. Now the city has expanded to even beyond the Tema, Kasoa and Adenta enclave to other regions even. Majority of such people are workers. We all know that when people increase in a given locality, the possibility of increase in demand is high. This increasing population thus presents a greater opportunity for business. However, largely, majority of such business needs of the people are female oriented. Issues of food, cosmetics, water, clothing, alcohol and the likes largely are sold in the country by women. This presents greater opportunity aside all potential challenges for increased SMEs among women in

Accra, once a suitable location is attained, they lamented” (Food Venders; Cosmetic Shop Owners and Water Seller, 2019).

In another evaluation, all participants eluded the possibility of loan acquisition among women in the banking sector, as well as the micro finance institutions in the country and the city in particular. On the part of interviewees, the country could boast of several banks and other financial institutions that readily make loan acquisition available to businesses on several accounts. Financial institutions in Accra and the country at large present various loan acquisition packages for businesses. What is required of the individual both men and women is to have an account and save with such institutions for a while. Once such conditionality is met, together with collateral in some instances or guarantor, loans and other credit facilities could be attained at the bank by women and men alike for their businesses purposes. Women in SMEs businesses thus have the chance of saving with the banks and qualifying for loans to support their private businesses. It is important to add that, there is the chance of women securing loan from the banks what mostly serves as deterrent is high interest rate and sometimes collateral like houses and car of which usually most women do not have and thus finds it difficult securing loans from the bank. The presence of such offers at among financial institutions presents a high level of advantage for women to engage in SMEs as well as expand their already existing businesses.

Further primary data generated shows the high pace of female education and which is positive for the growth and development of female SMEs in Accra. According to interviewees, unlike at first when most women were reduced to being housewives and taking care of the home, currently women are gradually being educated as their male counterpart. The increasing pace of education among women in the city presents better knowledge acquisition and worldview of the world of work. Increased education implies women are now posited to be independent and develop much

more interest working and taking up entrepreneurial activities. This is more so as education prepares people to take up several challenges in society, they added.

Finally, interviewees commented on the increased demand for goods and services in the capital city of Ghana as presenting an enabling environment for the development of female run SMEs in the country. Interviewees explained that, there is an increasing population rate in the capital city and this comes along with changes in demand rate. Changes largely occur in the positives as a result of excessive. With increased in population resulting in expansion of the city, the people would need various forms of services and goods to survive. Services run through water, food, clothing, drinks, health and other basic essential components of life. However, in Ghana, these essential services enumerated above are dominated by women as regards their provision. The presence of high demands for goods and services largely dealt in by women thus presents a greater opportunity for the advancement of women in SMEs. In the view of one respondent, she indicated as;

“Whenever there is an increase in the number of people, usually, there is the possibility of increase in demand for goods and services. This is what is happening currently in Accra with the increased population growth; goods and services are always on the high demand in various vicinity. Regardless of the corner you found yourself, even though the rate of purchase might not be as that of the central business district, undoubtedly there would be purchases and even more greatly. This is because almost every corner in the city has been inhabited by thousands of people who would need different ranges of goods and services. It thus behooves on women to take up the challenge of creating some business. Increased demands for good and services in the

city present the opportunity for the thriving of women SMEs” (Restaurant Operator, 2019).

4.4 What are the Challenges Faced by Female SMEs in Accra?

In almost every setting, even though conditions may be so much better to the extent that, other factors can be overlooked, it nonetheless defeats the fact that there may be some challenges being faced in the society or a particular activity and female run SMEs in Accra is no exception to this long standing phenomenon (Mohanty, 2009). Owing to this, interviewees were asked various forms of questions that sought to examine the challenges being faced by women SMEs in Accra. Responses generated shows almost similar forms of challenges suffered by all participants in the study even though in some instances, variations occurred. On a larger comparative examination, challenges fathered were put under broader themes like limited access to capital, family related challenges, gender bias and discrimination, and competition from foreign firms.

With regards to the challenge of limited access to capital and difficulty of capital requisition for either startup or expansion purposes, interviewees submitted that, heavily, they are required to rely on their personal savings, plough back profit and family contribution for their businesses either starting up or when they aim to expand. This has been occasioned by the difficulty in financial service requisition from the banks. Difficultly particularly relates to the long process in loan acquisition, high interest rates, and demand for collateral among such other difficulties encountered by SMEs from the financial institutions. The afore mentioned factors thus prevents them largely from securing additional funding and support from financial institutions even though such may be necessary to grow and expand their businesses largely. In a critical exposition, one female responded as;

“One major factor killing our businesses and other businesses in Ghana is limited access to credit facility. Even though there are several of such financial institutions in Ghana and the capital in particular offering support and financial assistance to people and businesses, sometimes the conditionalities do not offer ample opportunity for businesses to engage in them. For instance, some banks will require you to be a salaried worker first before you qualify for loans, others also require you become a business partner saving with them for some time, there is also the challenge of high interest rate among most banks and request for collateral like houses, cars and even the level of where your business has reached before one could qualify for loans from them. In the event you do not meet any of these conditions or even some, there are financial institutions that will not offer you the needed support. Mostly, when you are at the startup stage, the question is, how do most of these collaterals favor you? This really defeats the purpose and efficiency of our businesses, largely, she indicated (CEO FuguPlus, 2019).

Another major challenge confronting female run SMEs in Accra has been the issue with their family, interviewees exclaimed. This was narrated by thirteen of them taking on 65% of the entire respondents’ ratio and forming the majority of participants. According to interviewees in this bracket of response, their families sometimes presents some form of challenge to the pace at which businesses show grow. Challenges come in the form of increased family spending and the quest by the women to step in particularly during hard times on the part of their husbands. This presents a greater challenge as resources meant for the expansion and growth of the business is mostly spent on family related obligations thus impacting negatively on the financial position of businesses. Moreover, there is the family challenge of sometimes combining family duties with businesses related. This is more so as in most cases, such women will have to even move to their

children's school picking them whilst cooking for the family and undertaking other household chores. The combination of such family related responsibilities presents the challenge of easily managing SMEs as one has to switch between occupation and family related duties. In a further narration, one SME owner indicated as;

“Being a family and business woman is not easy, and if care is not taken it might create several challenges in the home. For instance, because the man is busy, I have to take the children to school every morning and pick them back when they close. Whilst away, who takes charge of the business, although I have workers, it is still a challenge. Moreover, I have to be home, washing and cooking and taking care of the kids, you are left in the middle of either doing the business all the time or ignoring the family role or the reverse. One of which cannot be overlooked since they are all important for the survival of the family and life” (CEO Chinese Restaurant, 2019).

In an extensive search, interviewees named competition from foreign and big local firms as a challenge to the survival and pace of female led SMEs growth in the city of Accra. Interviewees explained that, SMEs basically are not on big scale as some of the big foreign and local firms. Most SMEs interviewed, are on small scale just as the name suggest and thus deal on low level of either production, manufacturing or sale of business and products in the city. This thus implies that the cost and prices of their goods may be quite different from other businesses in the same line activity which are on large scale. Large scale local and foreign firms owing to their size can produce and sell larger quantities of goods and services at lower cost as against SMEs that can produce and sell much but at a higher price. These competitions from the foreign and large local firms in particular presents the challenge of undermining sales of SMEs owing to their cheap prices and different ranges of goods and services offered. By these challenges, SMEs

are confronted with stagnation, less returns on the provision of goods and services thus impacting negatively on the effectiveness of their business growth.

Further, female run SMEs are confronted with the challenge of bias and discrimination in the field of business. Interviewees explained that in most instances, acquisition of resources of all forms for the conduct of businesses particularly the startups faces gender biases and discrimination from all angles. In the course of land acquisition, land owners try to bully or offer preference for male counterpart during the process as against women with the explanation that women cannot even pay or manage the property. As a result, they are sometimes forced to either use their husband or family male members in the process of asset acquisition. Moreover in terms of loan requisition, most financial institutions even request for your husband to either serve as guarantor or use his asset for collateral. In the event you are not married as a woman and do not also have any asset for collateral on your own, one is required to use that of her family member. In most instances, if such conditions are not met, it is difficult for credit to be granted and this presents a setback to the realization of SME objective among women. One owner of SME narrated as;

“At a point in time, I needed some financial assistance to expand my bakery business since I was operating on smaller scale. I therefore decided to visit one of these microfinance institutions at Dansoman to credit for such purposes. It was surprising to note that, the people requested for my collateral or that of my husband. When I indicated of not having any form of collateral they asked me to bring my husband because he is the best person to guarantee for me. When I indicated that I was single, they refused to give me the loan, citing that, they needed someone who is part of my life and can stand in for me in case I default. I was therefore not given the loan since I couldn’t get somebody to

guarantee for me hence my inability to expand my business” (CEO Sugarbuds GH, 2019).

4.5 What Measures are Necessary in Addressing the Challenges faced by Female SMEs in Accra?

The fourth and final question guiding the research work was to examine the critical success measures in combating or minimizing the challenges faced by female SMEs in Accra. Respondents in the study were therefore interviewed with regards to the challenges bedeviling their activities and businesses in Accra. For the avoidance of doubt, all respondents answered to questions seeking to examine the challenges of female run SMEs in Accra. In a greater examination and comparative process of potential critical success measures illustrated by participant, the following were summed; reduction in interest rate, provision of financial support for female SMEs, education, skills development and training for female SMEs.

In the case of the critical success measure of reduction in interest rate, interviewees numbering 20 and representing 100% response rate in the study indicated that, high interest rate have largely resulted in most of them not being able to secure enough funding from the bank to run their businesses. As a result, government must adopt measures with the financial institutions to address the high interest rate. A reduced or low interest rate according to them will pave way for female SMEs to be able to secure the required credit from financial institutions and that will assist them greatly in expanding their businesses into large scale. In view of the above one of the interviewees commented as follows:

“As indicated from the onset, interest charges are too high and we cannot secure funding to aid in the expansion of our businesses. When we are able to get the government to

reduce the interest rate, majority of us would obtain loans from the banks for the expansion of our businesses. This is essential to ensuring that we stay in business, whilst expanding and contributing more to the development quest of this country” (CEO Dela Clothing, 2019).

Again, interviewees mentioned of the provision of financial support for female SMEs as being necessary tool to sustaining their businesses. On the part of participant, owing to the limited financial capability of firms, they are largely unable to neither expand business nor withstand competition. For this reason, adequate financial capacity is required to ensure the success of their business. However, currently, all financial requirements depends largely on them. For the purpose of remaining in business, employing additional hands whilst contributing to development, the government must institute various forms of schemes to aid their businesses. Even though schemes like MASLOC exist, little has been done for those in this sector as politicians rather siphon resources meant for them. Meanwhile, SMEs contribute a greater percentage to national development. As a result, government must institute measures necessary to ensuring the financial freedom of female SMEs in particular. This can be done in the form of registering all female SMEs whilst creating an outfit under the Ministry of Gender, Children and Social Protection to deal with them, they added.

In furtherance to the above, there is the need for education, skills development and training for female SMEs in the city and the country at large in their respective areas of operations. Education, skill development and training are necessary in the advancement of the career of women in SMEs. Education should be organized in various zones and district of the city. SMEs must be registered and made to participate in various skills development in areas included but not limited to financial management, competition, pricing, human resource management among

such other areas. Training must take into account the need for such skills and how they will add value to the course of SME management. Training could ensure that SMEs are registered under various district and municipalities where support is offered for them.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This final chapter of the research work presents the summary, conclusion and recommendations to the research work on the topic “entrepreneurship financing amongst female SMEs in Accra: the enablers and challenges”. The final chapter of the research work is discussed under three broad conceptions, summary, conclusion and recommendations. The first section discusses the summary with the second taking on conclusion whereas the third discusses the recommendations to the study based on findings.

5.1 Summary of Essential Research Findings

Summary of the essential findings to the research work is presented based on the themes of the study. Specifically, the summary is presented on

- Source of financing SMEs among female businesses in Accra
- Enabling financing factors of entrepreneurial activities among female in Accra
- Challenges facing female SMEs in Accra
- Measures in addressing the challenges of female SMEs in Accra

5.1.1 Sources of Financing SMEs among Female Businesses in Accra

According to primary data gathered for the study, female run SMEs in Accra secure finances for their businesses from various fields like family and peer contribution, individual savings, loans and credit facility, as well as plough-back profit scheme.

In the case of family and peer contribution as a source of financing female run SMEs in Accra, the entire twenty (20) participants indicated that, they had secured funding largely from family members like husband, relatives, and parents as well as support from friends in the course of setting up their business or during the period of expansion. Family and peer contribution have thus largely been applied by all respondents at a point in time in their SMEs venture.

Again, on the part of 45% interviewees, personal savings also remain one major source of financing female SMEs in Accra. Personal savings occurs in the form of women having saved either at the bank or by any other means from which the proceeds generated either through formal employment or any such other business undertaken by them. Saved monies from various forms of work have thus being invested into SMEs either at the start just to expand the operations of the business at a point in time.

In relation to the sources of financing, thirteen (13) women, making up a greater percentage of 65% participants also mentioned of the application of bank loans and other credit facilities from financial institutions towards the building and development of their businesses. According to them, they either have secured loans from the scratch of the business or at certain stage to support their financial position especially at periods where it was necessary to expand their businesses activity. Bank loans and other credit facilities were secured largely from micro-finance institutions.

Another major source of financing female run SMEs in Accra as indicated by interviewees is through plough back profit schemes. Plough back profit schemes as indicated by interviewees entail re-investing already accumulated profit and proceeds from various activities into the main

stream business. Re-investment could also be done by opening a different branch and expanding the current business or entering into another form of business venture.

5.1.2 Enabling financing factors of female SMEs in Accra

In the case of the second objective, examining the enabling factors for female SMEs in Accra, primary data gathered reveals the following;

First and foremost, according to interviewees in the study, female SMEs in Ghana have the favorable factor of increasing population growth particularly in Accra, the capital city of Ghana. They indicated that, the city of Accra is witnessing an exceedingly high population growth with vast array of demand for goods and services. With increased population, it presents ample opportunity for increase in demand and supply such that the increased number of people will need to be satisfied greatly to some extent and that, majority of the services needed by people in the city are female business dominated. Services like food and beverages, water, clothing and cosmetics among such other essential and basic life sustaining goods are often provided by women in Ghana and the city at large. Thus, the increased population presents the opportunity for increased female SME activity in Accra.

Moreover, the presence of financial institutions with schemes for loans and other such credit facilities presents great opportunity for female SMEs activities in Accra. According to the interviewees conducted, most banks are ready to offer loans and other credit schemes for businesses in the capital city and that all business men and women are required to seek for such services once they qualify and can cope with the interest and other conditionalities. With such financial freedom in place, participant added that women SMEs can fall on them to expand their

business and as such they have at a point in time resorted to micro finance and other financial institutions for such assistance.

Further primary data generated shows the high pace of female education and which is positive for the growth and development of female SMEs in Accra. According to interviewees, unlike at first when most women were reduced to being housewives and taking care of the home, currently women are gradually being educated as their male counterpart. The increasing pace of education among women in the city presents better knowledge acquisition and worldview of the world of work. Increased education implies women are now posited to be independent and develop much more interest working and taking up entrepreneurial activities. This is more so as education prepares people to take up several challenges in society, they added.

In addition to the above, participant discussed increased female education as being one of the enabling factors in the city to promote female SMEs. On their part, the city is witnessing an upsurge in the rate of female schooling and education acquisition. With the ever increasing and fast pace of females being educated in the city, there is the possibility of changing trends with the traditional notion that women are for the kitchen. With this, more women have and can take up the role of entrepreneurship in the city of Accra.

Finally, all respondents remarked of the increased in demands for goods and services as congenial to the development and growth of female run SMEs in the capital city. On the part of interviewees in the study, the increased population with its attendant demand for goods and services of all kinds imply that, such services must be met by various forms of businesses in the city. With this, however, majority of the female run businesses falls in the essential needs of mankind and has the capacity to grow so fast.

5.1.3 Challenges Faced by Female SMEs in Accra

On the objective of finding out the challenges facing female run businesses in Accra, participant name factors like limited access to capital, family related challenges, gender bias and discrimination, and competition from foreign firms.

In the case of limited access to capital as a challenge to female run SMEs in Accra, interviewees explained that, even though there exist different forms of financial institutions with which businesses can run up to for loans, various conditionalities for the attainment of such loans are disincentive and not business friendly. Interviewees specifically mentioned factors like high interest rate, difficult procedures in acquiring loan vis-a-vis collateral in most cases prevents businesses from securing additional capital from the banks for their activities.

With regards to the challenge related to family, interviewees indicated that, sometimes they face difficulty having to combine business activities with family duties such that, as women, they are culturally and socially required to cater for the home. Issues of having to take children to and from school, cooking for the family sometimes conflict with their timing and schedule for business and this presents challenges of all kinds. Another area of family challenge is the difficulty to sometimes plunge business capital into family matters as it sometimes reduces the capital of businesses.

Again, women led SMEs in Accra face the difficulty of competing with large scale local and foreign firms in the same field of business with them. Primary data gathered shows that, owing to the small nature of female led SMEs, in some cases, prices of goods may be high as against other large firms and foreign companies also in the same business with them and that due to their capacity to produce more and thus sell goods and services cheaply. By this, most consumers

troop to large and foreign firms as against SMEs in Ghana which with their little capital base for either production or selling at supposedly high cost to often break even.

Finally, according to primary data gathered, female run SMEs are faced with the challenge of bias and discrimination such that, acquisition of resources like land, loans and such others which are necessary for the development of their business, faces gender biases and discrimination from all angles. In certain instances, acquisition of such resources, require the presence of one's husband to serve as guarantor. Failure of which the process of capital acquisition is slowed thus impacting on the speedily nature of business.

5.1.4 Measures Necessary in Addressing the Challenges faced by Female SMEs in Accra

With regards to the last objective of the study, primary data shows the following as necessary success factors for female SMEs in Accra.

According to interviewees conducted, reduced interest rate is a necessary pre-condition for the advancement in the SMEs career objective of women in Accra and Ghana at large. This they explained, the banks and other financial institutions charge too much interest on loans and this serves as disincentive for businesses to secure loans since they end up using all their profit to pay loans. Moreover, conditions like collateral among such others should be eliminated to make it easy for businesses to secure loans. With reduced interest rate, businesses can now access loans for their activities.

Moreover, interviewees indicated of the presence of financial support and schemes on the part of government as necessary to sustaining the businesses of female SMEs in Accra and Ghana at large. According to participant, the government should institute new schemes whilst

strengthening old ones like MASLOC to provide the needed funding for women led SMEs in the country.

Finally, respondents indicated that on-the-job skill development, training and education is very critical to redressing most of the challenges faced by women in SMEs. This they explained as being partly so, as it will lead to the development of vital skills like savings, creativity and innovation as well as any such other knowledge necessary to advance the course of women in SMEs in Ghana.

5.2 Discussion

In relation to the sources of financing SMEs among women in Accra, a critical examination of the narrations by participants indicates family contribution and support as a major source of female run SME finances. Family contribution and support largely aids in the financing and development of entrepreneurship in the city of Accra and beyond as it brings on board the needed finances and other necessary resource to set up and manage SMEs in the country. By this, and largely, I posit that, family support and contribution serves as one of the major sources of funding SMEs in Ghana. This account agrees with that of Bamfo and Appiah (2012); Abdullah and bin Akbar (2011); Boachie-Mensah, & Marfo-Yiadom (2007), that one major source of female business financing in Ghana has been family contributions and support largely coming from husband and siblings for either their younger or elder sister who needs their help. Family support comes in the form of providing goods, land, shops, money and other such things needed to begin the entrepreneurial journey.

Again, according to Boachie-Mensah, and Marfo-Yiadom (2007) family support sometimes take up the whole cost and resource needed to set up the business such that, it is sometimes given as a

form of loan in some situations whereas it is also given at times as a form supporting a relative due to the kinds of bond shared in collective societies like Ghana.

Similarly, on personal savings as sources of financing female run SMEs in Accra, Abor & Biekpe (2007; 2006) findings collaborates that of this study when they indicated that one major sources of financing SMEs in Ghana and most developing countries has been personal savings made by people who were interested in setting up their own businesses. In their view and as illustrated by this study, personal savings usually take the form of people's salaries, individual savings from various forms of activities among such other things and which are employed greatly to aid in financing their new entrepreneurial drive by means of employing such funds to finance a greater part of the financial requirement of such new businesses. Personal savings thus serves as a major source female run businesses among both men and women alike in Accra and by extension, Ghana.

With regards to the source of bank loans and plough back profit as employed by women in Accra for SMEs, Osei-Assibey (2014); Adotei (2012) and Ahinful (2012) similarly identified such and submitted that, most female run SMEs rely on financial support from banks, MFIs and other profit made through various economic activities such that, loans are often taken from financial institutions by businesses including those managed by men and women alike to assist in their financing of SMEs. According to them, bank loans take the forms of businesses securing assistance using various forms of collateral like their businesses, houses, vehicles and other means like their salaries, particularly those working in the public sector. Even though the request for various forms of collateral and high interest rate among banks as regards the acquisition for loans scare most businesses, it has undoubtedly being applied by SMEs, particularly those on the smaller scale and being run by women, largely in Accra and the country at large.

In terms of the enabling factors for the success of female run SMEs in Accra and as established by the study, Ackah and Vuvor, (2011) and Kayanula and Quartey, (2010) indicated that, the ever increasing population rate, improved opportunities for female education as well as the availability of loans offered by banks and MFIs presents greater opportunity for the development and growing of SMEs, even though there are concerns of collateral demands and high interest rates. The presence of such opportunities nothing less offers greater chances for SMEs to apply these streams for the gathering of the needed resources for their activities. This is more so as such means will improve the financial standards of SMEs into either developing new ideas or expanding the already existence business. The utilization of such avenues thus means that, SMEs.

In a related study on the challenges confronting female SMEs in developing countries, Thornhill & Amit, (2003) as contained in Bamfo and Appiah (2012), indicated that SMEs are seen by banks and other financial institutions as being too porous and risky and not profitable to earn loans and other form of financial assistance from them. This is more so as the activities of SMEs were not regarded as necessary enough to generate revenue to pay for loans acquired as well as interest on them. Moreover, Bamfo and Appiah (2012) put the challenges confronting SMEs in Ghana into two main groups; financial and non-financial. With regards to the financial challenges, Bamfo and Appiah cited the issue of collateral, high interest rate as well as tough procedures and systems adopted by the banks. Ando & Quaye (2013); Bruns & Fletcher, (2008) as in Ando & Quaye, (2013); Aryeetey, (1998) in Abor, (2007); Biekpe, (2004) as in Agbozo et al., (2012) Agbozo et al (2012) similarly identified lack of access to credit occasioned by high interest charges, collateral among such others as setbacks to entrepreneurship development in Ghana and this affect both males and females alike.

Thus how far, these factors impede the financial capacity of SMEs particularly that of women into generating funds for their activities. It is thus important to mention that, the findings in this research do not stand in isolation but collaborates other account of SMEs challenges in Ghana. The above literature illustrated juxtaposes the findings on this study that indeed female led SMEs are challenged with the difficulty to access capital for their businesses. By these challenges, it becomes difficult for them to grow their businesses.

Similarly, Bamfo and Appiah (2012) identified family related issues a critical factor impeding the success and ability of female entrepreneurs in Accra. In their examination, they presented that, women who double as family heads, that is as mothers and married, finds it difficult sometimes to combine family roles with that business related roles as they conflict in some instances. Moreover, family women sometimes do not have much support from members particularly in cases when husbands do not agree with the business of their wives and as such do not support. Dzisi (2008; 2006) also indicated that, female entrepreneurs face certain social-cultural related challenges in the performance of their roles as business women in Ghana. Majority of Ghanaian women, socio-culturally are responsible for keeping the home. Thus far, starting a business becomes a difficult venture as most of them find it difficult in combining their traditionally ascribed roles of catering for the home with the business development initiative. These kind of socio-cultural environment impact on the business and entrepreneurial ability of most women in Ghana. These findings support that of this study that family related matters present some sort of difficulty to women in business.

Finally, findings by Abdullah & bin Bakar, (2011); Bamfo and Appiah (2012) agree largely with the assertion made by interviewees in the study as regards the high pace of competition from foreign companies. In their study, they found that, one key challenge of female entrepreneurship

in Ghana as a whole has been with the competition from large firms that reduces their prices of goods and services just that they can attract more customers for their business. Competition from large businesses thus poses serious challenge to the success and survival of female SMEs in Ghana. They added again, that SMEs by women have collapse or become ineffective due to the challenge of high pace competition suffered by them from large organizations in the same line of business as them. These account by Bamfo and Appiah (2012) and Abdullah & bin Bakar, (2011) justifies the findings in this study that female entrepreneurs are faced with the difficulty of competition from large organizations.

Bamfo and Appiah (2012); Abdullah and bin Bakar, (2011); Boachie-Mensah & Marfo Yiadom, (2007) similarly submitted that in most countries, both developed and developing, government continue to support the development of SMEs, particular for women in some countries. However, in Ghana, even though such effort in the form of MASLOC existed, little has been seen since their inception. Thus, for government to improve and promote the idea of SMEs, there should be specific programs targeting women SMEs in Accra and the entire country alike, such interventions would ultimately give focus and attention to female led SMEs in the country and thus would aid in their requisition of the needed resources and capital for business development and growth. These propositions for female SMEs support the assertion in this study that government's support is highly critical to the attainment of SMEs development and growth among women in the country.

5.3 Conclusion

In conclusion, several empirical investigations into female SMEs both in developed and developing countries indicates that, they play critical roles in the development of fortunes countries in the areas of employment generation, provision of goods and services as regards

manufacturing and sources of raw materials, and revenue generation. Despite their immense contribution to the development effort of a country's government, female led SMEs have been surrounded with several issues particularly in developing countries. These issues cover areas like financing, culture and the likes. This study set out to examine the financing of female led SMEs in Accra focusing on the enabling and challenging factors. The study reports that, the objective set out has been achieved largely and that the following conclusions are drawn;

The research reveals that, female SMEs in Accra derive their capital for businesses largely from families and peer contributions, loans and financial credit, personal savings and plough back profit schemes.

Again, the study shows that, female SMEs in Accra can chance on the increasing population rate, increased demand for goods and services, presence of financial institutions with vast array of loan schemes, increased levels of education on the part of women and increased mobile phones and internet usages as favorable factors towards promoting their businesses.

Further, the study reveals that there are challenges like limited access to capital emanating from high interest charges and loan conditionalities; gender bias and discrimination, family related issues and competition from foreign firms as impacting the effectiveness and efficiency of female run SMEs.

Finally, the study concludes that, conditionalities like reduced interest rate, education and training and provision of financial support by government for female led SMEs are critical to promoting their growth and development in the long run.

5.4 Recommendations

Findings from the research work details that although female led SMEs have some levels of enabling factors that would aid in the performance of their activities, they are nothing less saddled with some level of challenges which has the propensity of impacting the effectiveness of their businesses. Owing to this, the following recommendations are offered for improving female led SMEs in Accra and the country at large;

Firstly, the government should develop financial schemes that support female entrepreneurs specifically in the country. Financial schemes could take the form of MASLOC but designed for females and managed by the Ministry of Gender, Children and Social Protection. Financial schemes for women should take into account the nature, level of business growth as well as challenges accounted by female run businesses.

Secondly, the government vis-à-vis the central bank should as a matter of urgency take steps to reduce the interest rate on loans whilst adopting measures for the elimination some conditionalities like collateral of houses, cars among such others in the financial business and loan acquisition process.

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APPENDIX

UNIVERSITY OF GHANA

DEPARTMENT OF MAKETING

INTERVIEW GUIDE FOR DATA COLLECTION

FEMALE ENTREPRENEURS

Objective

The goal of this study is to gather data for academic research work on the topic; “Entrepreneurship Financing Amongst Female SMEs In Accra: The Enablers and Challenges”.

The researcher BAABA ANNA YARTEY is an Executive Master of Business Administration final year student of the University of Ghana. This study forms part of the requirement for the award **Executive Master of Business Administration Degree**

Kindly be rest assured that, whatever information you provide in relation to your personality and/or business is only for academic purposes and will be treated with the utmost confidentiality it deserves ever. I count on your cooperation.

PART A:

• **Personal Characteristics of Female Entrepreneurs**

Could you please tell me about yourself?

1. How old are you
2. Are you married?

3. If no, have you been married?
4. Do you have children?
5. If yes, how many children do you have?
6. What is your ethnic background?
10. What is your educational level?

Employment History

1. Could you please describe what you have done from the time you completed your formal Education, until the establishment of your business?
2. Tell me about the organizations you have worked in.
3. Which positions have you occupied and for how long?

Personality Traits

1. Which qualities do you think you have that make you entrepreneurial?
2. How are those qualities helpful to you in the creation and development of your business?

Motivations for Business Ownership

What are your reasons for going into self-employment?

1. What is your main reason for creating your own business? Is it still a factor?
2. Are there other reasons?

PART B

Business Profile

Which business venture have you created?

1. What specifically is your business; ie. what do you do; what are you into?
2. Are you the sole owner of the business and what specific role do you play in the running of the business
3. How did you start this business- what resources and where did you get them from?
4. How long have you been in this business?
5. How many employees do you have?

Female Entrepreneurs - Enablers

1. Do you think there are some favorable factors in Accra/ Ghana for your business and Female Entrepreneurs in General? Yes () No ()
2. If **yes**, what would you say are some of these enabling factors?
 - a. Personal factors
 - b. Business related factors
 - c. Socio-cultural
 - a. Government/Political
 - b. Economic
 - d. Environmental
 - e. Legal

- f. Networking
- g. Non-governmental/Associations
- h. Financial

Business Challenges Encountered

1. Could you tell me about the problems you face at the start-up of your business?
2. Which of these problems are ongoing/recurring problems?
 - a. Personal factors
 - b. Business related factors
 - c. Socio-cultural
 - d. Government/Political
 - e. Economic
 - f. Environmental
 - g. Legal
 - h. Networking
 - i. Non-governmental/Associations
 - j. Financial
3. Which of these problems have reduced?
4. What accounted for the reductions in some of the problems?

5. Which peculiar problems do you face as a woman in business?
 - a. Personal factors
 - b. Business related factors
 - c. Socio-cultural
 - d. Government/Political
 - e. Economic
 - f. Environmental
 - g. Legal
 - h. Networking
 - i. Non-governmental/Associations
 - j. Financial

Your Success Story

1. How has your business changed?
2. (Probe into areas such as
 - a. Efficiency in management and running of the business?
 - b. Enterprise stability and growth
 - c. Job creation

- d. Income
 - e. Increase/decrease in profit margin)
7. Tell me more about other benefits you have derived from creating your own business?
8. What contributions do you think you, as a woman entrepreneur in a SME, has made to your community?

Thank you.