KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

(KNUST)

THE ASSESSMENT OF THE GROWTH OF SMALL SCALE BUSINESSES THROUGH ACCESS TO MICROFINANCE BY WOMEN'S GROUPS IN THE NANUMBA-NORTH DISTRICT OF THE NORTHERN REGION OF GHANA.

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A DISSERTATION SUBMITTED TO THE DEPARTMENT OF ECONOMICS, KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY IN PARTIAL FULFILMENT FOR THE AWARD OF A MASTER OF SCIENCE DEGREE (MSC) IN ECONOMICS.

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DECLARATIONS

I, the author of this research hereby declare that work presented in this research and captioned; "The Assessment of the Growth of Small Scale Businesses through Access to Microfinance by Women's Groups in the Nanumba-North District of the Northern Region of Ghana", was solely mine for the award of Msc Degree in Economics, Kwame Nkrumah University of Science and Technology (KNUST). It is indeed imperative to note that this work either in part or in full has never been submitted to the University or any other institution for any purpose of write- up. Finally, the sources consulted as literature in the research expedition were duly acknowledged.

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Supervisor's Declaration:

I hereby declare that the preparation of the dissertation was supervised in accordance with the guidelines for thesis supervision laid down by KNUST.

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ABSTRACT

The study aimed at assessing the growth of small scale businesses through access to microfinance by women's groups, especially so since most of the time, businesses rather cry for limited capital. In this regard, literature was reviewed in the following thematic areas: growth theories, microfinance in Ghana, Challenges of microfinance in Ghana, relevance of small scale businesses and their challenges as well as empirical review of women in business. Triagulation of data collection methods were used, including interviews and survey questionnaires. The questionnaires were administered to 150 women entrepreneurs in 15 women groups in the Nanumba-North district.

The study found that growth, which is proxied by sales increased after the receipt of the loan as an indication that microfinance has helped to improve the growth of women's small businesses in the district. Also, there was improvement in the entrepreneurs' business development skills and a rise in the levels of employment. Ironically, majority of the women small business operators saw managerial incompetency as the most challenge in their quest to grow their businesses.

As a result of the findings, the study suggested increased in loan repayment period which seemed to be very short for maximum growth, though there was increased in sales levels. Because managerial incompetency was seen as the most challenge, microfinance institutions should commit resources on small scale entrepreneurial training for the development of their business managerial skills for growth.

DEDICATION

This work is dedicated to my lovely wife, Sey Rukayatu and sons; Issah and Nasrullahi for their sacrifices and support during the period of study, my parents and sibblings who sacrificed their financial resources to help finance this programme of study and the entire Yamo Naa Attah family. May the good Lord richly bless them all.

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ABBREVIATIONS AND ACRONYMS

AMFIN	Africa Microfinance Institution Network
BoG	Bank of Ghana
CBN	Central Bank of Nigeria
CUA	Co-operative Credit Union Association
EC	European Commission
EU	European Union
FAP	Financial Assistance Policy
FNGOs	Financial Non-Governmental Organizations
GDP	Gross Domestic Product
GHAMFIN	Ghana Microfinance Institution Network
GEM	Global Entrepreneurship Monitor
GSS	Ghana Statistical Service
IDF	Integrated Development Foundation
IFPRI	International Food Policy Research Institute
ILO	International Labour Organization
ICT	Information and Communication Technology
MDGs	Millennium Development Goals
MIFs	Microfinance Institutions
MSEs	Micro and Small Scale Enterprises
NBSSI	National Board for Small Scale Industries
OECD	Organization for Economic Co-operation and Development
RCBs	Rural and Community Banks
RFSP	Rural Finance Services Project
SEEP	Small Enterprise Education Promotion
SMEs	Small and Medium Scale Enterprises
S & L	Savings and Loan Companies

USAID United States Agency for International Development

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CHAPTER ONE

INTRODUCTION

1.1 Background

Small and Medium Scale Enterprises (SMEs) have varied definitions. The Organization for Economic Cooperation and Development (OECD) countries has adapted a definition based on employment statistics. According to them, a Small and

Medium Business or Enterprise has less than 500 employees (OECD, 2002). Kayanula & Quartey (1999), as cited by USAID, SMEs are informal businesses which employ five or less workers or using family labour that is often not paid for by such businesses. This is not the case in for the formal sector, as Small enterprises are regarded to employ within the range of 5 to 20 people. The Medium enterprises on the other hand, use between 21 to 50 people. However, in most developing countries including, Ghana the USAID description of small business enterprise given by Kayanula and Quartey is the most appropriate.

Whiles many scholars have failed to reach an agreement on the standard definition of SMEs, there exists a general consensus as the significance of SMEs to the development of third world economies and even the developed ones. Ahmed (2006) asserted that, these SMEs are sub-sectors of the industrial sector and are pivotal in industrial development of many economies. The importance spans from the provision of employment, Gross Domestic Product (GDP) and poverty reduction. According to Machacha (2002), Small businesses help to diversify economies through the creation of employment.

According to Christianson (2004), small businesses have been the reason for increase economic growth in Africa and have been increasingly accounted for increased employment in their economies. This has also been the case for the Asian economies, Gungen (2003) declared that China's economy especially, is driven by SMEs whiles the Philippines invested heavily in SMEs. Statistics from Western Europe showed that, SMEs that employed less than 250 people was 99.8% in 2004. This however, resulted into about 66.2% of employment Christianson, (2004). National surveys conducted by Liedholm and Mead (2005), in most countries in Africa countries concluded that in the range of 17% to 27% of the working population were employed by SMEs. This is nearly twice the employment of public sector and other large scale enterprises. United States Agency for International Development asserts that, SMEs employ a third or more of the labour force in low income countries (USAID, 2010).

Southwood (2004) noted that African economies were previously controlled by large corporations and government sectors. However, what actually propelled economic growth came from the SMEs sector. Countries like; Kenya, South Africa, Egypt, Morroco, Zambia, including Uganda, Botswana, and Tanzania decided to prioritize their investments in SMEs (Gordon, 2003; Maksoud and Youseff, 2003).

According to Muuka (2002) the informal sector of Africa is large and employs many people. This is because the formal sector is unable to do so. In terms of statistics, the informal sector is estimated to employ between two to six times that of the formal sector.

Small and Medium Enterprise sector of Ghana contributes about 70% to her Gross Domestic Product. This according to Villars (2004) accounts for around 92% of businesses in all. Also, statistics from the National Board for Small Scale Industries (NBSSI) indicates that SMEs constitute about 90% of the private sector's contribution to the GDP of Ghana (Villars, 2004). The formal economic sector employed a small portion of the population in 1997. While around the same period, the informal sector offered employment for about 80 percent of males and 95 percent of females. The informal sector is Ghana's largest employer as such; it cannot be ignored by policy makers (IDF, 2008, as cited in James A. P., 2012). Contrasting the number of women who own large-scale enterprises to that of small-scale enterprises, it is clear that more women are engaged in small businesses and a large number of these businesses are located in rural areas. According to IDF (2008), women operate basically low-income businesses, such as food processing activities, handicrafts of various kinds, and dressmaking.

Notwithstanding the indispensable role Small Scale Businesses play especially in developing countries' economies, they face enormous challenges in their quest to grow. Some of which include marketing problems, business linkages and cross-border trade; policy issues; entrepreneurship development and training; access to finance; information, technology development and transfer, facilitation of exchange of information and experiences are some identified specific barriers to small enterprise growth (Chukwuemeka, 2004). The growth in this sense is expansion in terms of number of employees, size and income. Theories on small business growth and development view business growth from an organizational life cycle perspective, which sees growth as a natural phenomenon in the evolution of the firm, other perspective sees growth as a consequence of strategic choice. Thus, the bevaviour of the business owner, organizational resources and environmental opportunities are crucial in expanding the firm and in overcoming the barriers to the evolution of the firm from one stage to the next (Papadaki and Chami, 2002)

It is worth noting that of all the obstacles to small business growth, the financial factor appears to be the most potent and hence stands tall. Chukwuemeka (2004) postulated that about 80% of small and medium enterprises are stifled because of this problem of poor financing and other problems associated with them. The problems of inadequate funds lead to lack of competent management, use of obsolete equipment and inability to cope with competition. To arrest this problem therefore, most governments in developing countries allow for the operation of microfinance institutions (MFIs) to advance small loans to small scale businesses since they play a significant role in the economic development as well as poverty reduction.

Data base from 85 developing countries shows a total of 1,500 microfinance institutions, 54 million members, 44 million savers and 17 million borrowers. Total volume of outstanding credit is $98 million, total savings volume is $13 million. On the average 1.5% of the total population of developing countries are microfinance members and the volume of credit disbursed is around $5 per inhabitant. The weighted figure suggests a high outreach to women by microfinance institutions of 78% and these results must be noted as only the small institutions have a higher percentage of women members. If the size of microfinance institution is taken into account, the share of women is 45%, nevertheless the percentage of women is significant (IFPRI, 2012). The significance of these findings cannot be overemphasized in the sense that women constitute the majority in the small scale business sector in Sub-Saharan Africa including Nigeria and Ghana and the fact that women are the most poor in Ghana and the host region of the study area, the Northern region of Ghana (GSS,2008).

1.2 Problem Statement

Millennium Development Goal (MDG) three seeks to promote gender equality and women empowerment. This goal has one of its indicators as monitoring the share of women in wage employment in the non-agricultural sector (World Bank, 2006). In the same vein, goal one which considers eradication of extreme poverty has tilted towards women since feminine poverty is higher than their male counterparts. The implication is that gender equality and women empowerment are essential and integral component of pro-poor development. One of the surest ways of making women more productive and breaking the shackles of poverty is through entrepreneurship in small scale businesses which constitute the backbone of many developing economies. Entrepreneurship in small scale businesses has the potential to increase the share of women in wage employment in the non-farm activities. Global Entrepreneurship Monitor (GEM) asserts that the increasing number of women entrepreneurs involved in starting new businesses and expanding existing ones are critical to a country's long-term economic growth (Kelly, Bosma & Amoros, 2010).

The population distribution in Ghana shows that more than half of the population is women. Men engage in several economic activities as compared to women who constitute the largest of the population (GSS, 2008). However, of late many women are becoming entrepreneurs basically generating business ideas and establishing their own businesses. The role of the entrepreneurship in small businesses can be recognized at the local, district and the national levels of every economy. According to Henderson (2002), entrepreneurs significantly impact local economies by creating jobs, increasing incomes of workers, and linking local economies to the larger global economy. Entrepreneurs also have the capacity to boost economies through innovations which leads to economic growth and development and this marks the need for the growth of the small business enterprises. However, a few numbers of women own medium and large-scale enterprises, the majority of women are engaged in small or very small businesses of which 60 to 80 percent of these businesses are located in rural areas. Women operate traditionally low-income businesses, such as food processing activities, handicrafts, and dress-making among others. This often has a low potential for growth.

Access to finance has been a major obstacle facing operators of small scale businesses in general and women entrepreneurs in particular (Lawson, 2007). SMEs in Ghana find it difficult to access credit facilities from financial institutions due to collateral demands. Women-owned SMEs are usually handled by a single individual. According to IDF (2008), well over 70% of these businesses usually have a starting capital of less than US$ 100 with some 45% having less than US$ 20. Some 90% of them started with personal saving otherwise known as 'susu' rather than using loans from formal financial institutions.

The incapability of SMEs to meet the requirements of formal financial institutions for loan consideration left a gap for microfinance institutions (informal institutions) to fill. Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and lowincome households and, their micro-enterprises. Most studies on the effects of microfinance on small business performance yielded mixed results.

In Ghana there is a growing trend of the activities of microfinance institutions favouring women in small scale businesses to the extent that a number of them are established to give loans sorely to women. In the Northern Region, out of the 35 microfinance institutions, 5 are sorely for women and non for men and in the Nanumba-North District, one (1) out of the three (3) microfinance institutions is for women only. In addition to this, it observed that an increasing number of women's groups who are in the majority are given loans by the mix- sex microfinance institutions. Though women small business owners have increasing access to microfinance loans in the district, the question that needs an answer in the minds of many in the district is that whether these funds have positively impacted in their businesses. Besides, a lot of studies have been done on the general impact of microfinance on business performance, but very little has been done on the impact of microfinance on women and business growth. Therefore, the study seeks to assess the effect of the increasing access to microfinance by women groups on small scale business growth.

1.3 Main Research Objective

To assess the extent of the effect of microfinance institutions on the growth of small scale businesses owned by women.

1.3.1 Specific Research Objectives

1) To determine the impact of microfinance on employment, sales and output levels of small scale enterprises run by women group members in the Nanumba-North District.
2) To examine the influence of microfinance on managerial and entrepreneurial skills of women small scale business operators.
3) To assess the contribution of women-owned small businesses to the growth of the local economy of the Nanumba-North district.
4) To examine the challenges faced by women-owned small businesses in the Nanumba-North district.

1.4 Main Research Question

What is the effect of microfinance on the growth of small scale businesses owned by women?

1.4.1 Specific Research Questions

1) What is the impact of microfinance on employment, sales and output levels of small scale enterprises run by women group members in the Nanumba-North District?

2) What is the influence of microfinance on managerial and entrepreneurial skills of women small scale business operators?
3) What is the contribution of women small businesses to the growth of the local economy of the Nanumba-North district?
4) What are the challenges of women small businesses in the Nanumba-North district?

1.5 Significance of the study

The contributions of this study to society and the academia will be enormous in a sense that the findings that flow from the research will determine whether or not availability of financial resources implies end of problems of business entrepreneurs. To the academia, the study will be a valuable source of reference to those who will be undertaking further research in the area of women and business. It will also bring bear the importance microfinance plays in business development.

1.6 Scope of the Study

The study is focused on the role of microfinance to women small scale business growth. It considers indicators like sales, employment and output levels to measure growth. Also, the study covers the entire Nanumba-North District where a number of women small scale businesses have been springing up. The study spans between 4-6 months.

1.7 Limitation

The major limitation for the study is the fact that only women small scale businesses in Nanumba-North district are considered and not even the whole of the northern region as a result of time and material resources. Also, the collection of data was difficult due to the high rate of illiteracy among women in the district.

1.8 Organization of the Study

This study is organized into five chapters. Chapter one consist of introductory background to the study. It states also the problem of the study, research objectives and questions, significance to the study, scope of the study and ends with the limitation of the study.

Chapter two considers the literature reviewed for the study, including growth theories, conceptual framework and empirical review of relevance literature regarding women and small scale businesses.

Chapter three entails the methodology employed for the collection of data, including the sampling process for the data collection. Chapter four contains the presentation and discussions of data collected.

Chapter five considers the summary of main findings, conclusion and recommendations of the research findings regarding women and small scale business growth.

CHAPTER TWO

LITERATURE REVIEW

2.1 Theoretical and conceptual framework

This section deals with the concepts of small and medium enterprise, microfinance as well as growth theories.

2.1.1 Definition of Small and Medium Enterprise

According to Ward (2005), definition of SMEs depends probably on the interest of the one defining it. In fact, there is no any general definition to small and medium enterprises. Firms differ in their level of capitalization, revenue and even employment. Some definitions which use measures of size such as net worth, profitability, turnover, number of employees, usually could classified firms as small when one sector or area is being considered; this same categorization when used in different areas could bring about different result. The International Labour Organization (ILO), (2002) summarizes the definition of SMEs and declare that most sized definitions are focused on number of employees and turnover or balance sheet and that no single definition wholly covers all the dimensions of SME size. Ogundele (2007, as in Uzor, 2004) defines SMEs as one who has a minimum of 5 employees with minimum capital outlay of not less than N5, 000.00 ($33). In short, Small Scale Enterprises are enterprises that have the capacity to employ a minimum of 5 employees and a maximum of 500 employees at a time and it is the main stay for most economies.

In distinguishing small enterprise from medium enterprise, the European Commission (2003) asserted that small enterprises have employees not more than fifty persons and sales not exceeding 10 million Euros and balance sheet also not more than 10 million Euros. Medium sized enterprises employ workers not more than 250 workers and have sales not more than 50 million Euros and balance sheet not exceeding 43 million Euros.

With regard to country specific definitions of SMEs, France defines SMEs as enterprises employing less than 250 employees, whilst Singapore defines SMEs as an enterprise having at least 30% local equity, fixed productive assets not exceeding $15,000 and employment size not exceeding 200 people for non-manufacturing companies. Germany Limits SMEs to 250 employees while in Belgium, it is limited to 100 employees. In the United States of America, any business with fewer than 100 employees is classified as small while medium scale business refers to a business with fewer than five hundred (500) employees. (Kayanula and Quartey, 1999).

Also in Nigeria, the Central Bank of Nigeria (CBN, 2004) defines small-scale business as an enterprise whose annual turnover ranges between N25, 000-N50, 000.

Ghana Statistical Service (GSS) in 1987 undertook an industrial census and concluded that firms which employed between 5 and 29 people and had fixed assets not more than $100,000 should be regarded as small scale, while those employing between 30 and 99 people are regarded as medium scale category. The regulatory body in Ghana responsible for SMEs is the National Board of Small Scale Industries (NBSSI) declares that SMEs are firms with fewer than 9 workers, a plant and machinery (excluding land, buildings and vehicles) not exceeding GHc10 million.

For the purpose of this research therefore, SMEs are perceived as having the combined characteristics of Ogundeles' and European Commission definitions stated above, however with a minimum of one (1) employee as the working definition of small scale enterprises.

According to Olagunju Y. (2004), successful SMEs strive on entrepreneurship which is an undertaking in which one is involved in the task of creating and managing an enterprise for a purpose which could be personal, social or developmental. Also a line between an entrepreneur and business owners must be drawn. While business owners establish and manage their own enterprises for personal gains, entrepreneurs exploit ideas that create a business that benefit them, the society and act as developmental weapon.

2.1.2 Definition of Microfinance

Microfinance is the delivery of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to poor and low-income households and their micro-enterprises. The sources of Microfinance services include:

rural banks and cooperatives (formal institutions), non-governmental organizations (semi-formal institutions) and money lenders and shopkeepers (informal institutions).

Institutional micro finance includes services provided by both formal and semiformal institutions.

According to Ojo (2009), the goal of Micro Finance Institutions as a development agent is to service the financial needs of the underserved market as a means of meeting the development objectives of businesses. Microfinance originated in 1976 by Dr. Mohammed Yunus, who started a small scheme as an experiment in the rural areas of Bangladesh. The experiment evolved from its initial success into the Grameen Bank, which became the world's first microfinance institution, and was basically of group lending, in which loans were issued to individual members of small, homogeneous groups, who collectively guaranteed loans issued to their members (Social capital). All members were barred from further access to credit in the case of default by one group member and this provided a strong incentives for the group to ensure repayment by each individual borrower. This microfinance model eventually spread around the world, especially in third world countries (Ojo, 2009).

King and McGrath (2002) argued that firms whose financial needs exceeded their internal resources may be constrained to pursue potential opportunities for growth. The insufficiency of internally generated resources is therefore one of the factors which are frequently cited as the causes of micro and small business failure in developing economies. It is from this perspective, the micro credits are considered to be an appropriate solution because the amount of money needed to start a micro or small business is generally quite minimal (Daniel, 1994).

2.2 Theories of Business Growth

A number of growth models have been developed especially in industrial economics to explain the behaviour and growth of firms. It is important to understand clearly how and why small enterprises grow by looking at a number of models or approaches to this subject. There exists a number of growth theories in literature to explain small business growth which are discussed as follows:

2.2.1 Stochastic Model

In attempting an understanding on the growth phenomenon of SMEs, the stochastic models were developed from the field of economics and through the "Law of proportionate effect" as formulated by Gibrat (1931). Using data on firm sizes suggests the development of market concentration over time. The distribution of firms in terms of size is highly skewed to a few large firms, and a large tail of small ones. The common feature of these distributions is that they may be generated by a stochastic process in which the variate (the size of firms) is subjected to cumulative random shocks over time. The growth of a firm is being made up of three effects. The first is a constant growth rate which is common to all firms. In an equation form, let Xt be the firm size at time t, and let 'a' be the constant growth rate. Then

$$X_{t+1} / X_t = a$$

The second element is a systematic tendency for the growth of a firm to be related to its initial size. Thus

$$X_{t+1} / X_t = ax_t^{\beta-1}$$

The effect of initial size on growth is determined by the value of β. For β = 1, the exponent of X is zero and so size has no effect on growth. For β > 1, large firms grow faster than small ones, and vice versa for β < 1.

In the third effect, a random growth term ε_t, which enters the growth equation multiplicatively:

$$X_{t+1} / X_t = aX_t^{\beta-1}\varepsilon_t$$

Put differently, in a log normal form: $\log X_{t+1} = \log a + \beta \log X_t + \log \varepsilon_t$

The assumptions by Gibrat are that; (a) $\log\varepsilon_t$, is normally distributed with zero mean and variance δ^2, and that it is independent of the initial size of the firm; and (b) the mean proportionate growth of a group of firms of the same initial size is independent of the initial size.

The law is difficult to test and conflicting results have been produced by statistical analysis. However, Gudgin (1978) demonstrated that growth and size are inversely related for manufacturing firms in the East Midlands, indicating a general tendency for small firms to grow more quickly, results which were confirmed by O'Farrell (1984) in the case of Irish manufacturing establishments between 1973 and 1981. The empirical consensus also suggests that the variance of growth rates decreases with size of firm (Mansfield, 1962). The stochastic models assume that growth is independent of any other factors and that no specific factors have a dominant effect in explaining growth.

2.2.2 Stage Model

This model evolved within an industrial economics but has largely ignored the development sequence of the very small firm. This model assumes that the firm progresses through different stages, including existence, growth, take off and maturity.

From the works of Greiner (1972), James (1973), Velu (1980) and Churchill and

Lewis (1983), the stage model of a firm's characteristics, challenges, practices and attributes are mapped into separate successive stages.

According to Greiner (1972), there are five phases of growth of a firm: creativity, direction, delegation, coordination, and collaboration. The creative phase ends with a crisis of leadership; the direction phase with a crisis of autonomy; a crisis of control follows the delegation phase; and a crisis of red tape ends the phases of coordination and collaboration.

According to James (1973), the corporate life cycle bears a conspicuous similarity to the concept of the product life cycle. James proposed then that the development of a company should be analyzed through four phases similar to those of the product life cycle- introduction, growth, maturity, and recycling/decline and within these phases, the operation of four major functional areas of corporate activity be examined—finance, marketing, production, and administration. Sales and Profits therefore are the only indices upon which a life-cycle curve can be centered.

On his part, Velu (1980) reduces Greiner's five phases to three: namely, the pioneer, the differentiated, and the integrated stages. In the pioneer stage the founder tends to be autocratic, internal communications are easy and activities will be directed towards profitable sales. The differentiated stage begins with the introduction of a scientific professional approach to business management; planning and evaluation. The organization will expand to comprise many separate departments and divisions. With regard to the integrated stage, the aim is to maintain a growth rate through the introduction of a succession of new products.

The study of the growth of SMEs gained popularity with the growth model of Churchill and Lewis (1983). They again sketched a five-stage development model in which SMEs progress through different stages of growth namely: existence, survival, success, take-off and resource maturity.

According to Churchill and Lewis each stage is characterised by an index of size, diversity, and complexity, and described by five management factors: managerial style, organisational structure, extent of formal systems, major strategic goals, and the owner's involvement in the business.

The stage theories of growth with particular reference to Churchil and Lewis framework have been criticized on many grounds, despite its popularity among both entrepreneurs and academic researchers. Firstly, they implicitly assume that a small business will either grow and pass through all stages or fail in their attempt. However, empirical evidence does not support this assumption. Secondly, Churchill and Lewis for instance failed to capture the important early stages in the origin and the growth of a company. Their focus on the growth of a company from a small unit to a large corporation. According to Gibb and Scott, (1985) there is no detailed understanding of the process of change and growth of the small and independently owned firm.

Thirdly, the passage of a firm through a series of growth stages is seen as necessary progression and hence mechanical and does not show whether, under certain conditions, one or more stages may be missed out, or variations in the sequence may be allowed to occur. This problem arises because of lack of empirical evidence as small samples are often relied upon. Finally, the stage models tend to assume the validity of a stage rather than to prove it by rigorous appraisal of opposing evidence. The model therefore, tend to ignore the economic environment or external factors. Even though, the stage model records a number of limitations, nevertheless it remains popular among researchers and entrepreneurs due to its simplicity in measuring growth.

2.2.3 Strategic model of Small firm growth

Hjern et al (1980) were the brain behind this model. They hypothesized the growth of small firms as occurring in stages, which are being defined by the occurrence and resolution of barriers to small business growth such as lack of capital and inadequate supply of skilled labour. In contrast to the stage model, a new phase of growth cannot start until the barriers which have brought the previous phase to a close have been overcome.

According to Gibb and Scott, (1985), it is the capability of the company to manage change which will largely determine whether the firm will survive or fold up in terms of growth.

2.2.4 Strategic Management perspective of small firm growth model

On this model, Milne and Thompson (1982) of Glasgow University looked at how the owner-manager responds to business and personal environmental indicators. Their concentration was on identifying owner-manager's policies and strategies for the conduct and development of the business and their subsequent translation into managerial action that will lead to sustained business development. The strategies are determined by perceptions of which the owner-manager wishes to achieve through his business, with regard to the opportunities and constraints he sees.

Milne and Thompson (1982) again in other research works emphasized on how an owner-managed firm can quickly learn from the experience of dealing with both the external and internal environment in other to sustain the growth and development of a business. Mead (1994) identified cost leadership, differentiation, and focus as strategies for the long-run as sustainable competitive advantage and being the most important basis to an above average performance of all firms.

By examining these growth theories, growth simply in the context of this research can be seen as expansion in size, number of employees sales and profit levels.

2.3 Conceptual Framework

Small and Medium Scale Enterprises (SMEs) are the fabric of most developing economies by way of output and employment. Granted this fact, one will expect SMEs growth to propel overall increases in output and income levels. The overall growth rates are often fueled by the rapid expansion of a narrow group of highly performing small scale enterprises.

As to why some SMEs expand rapidly, while others stagnate, it is imperative to focus on factors that account for the wide variation. The conceptual framework of opportunities and capabilities of SMEs will help us to understand these issues.

Opportunities for profitable business activities are the basis for an entrepreneur's business growth or expansion. To take advantage of business opportunities, entrepreneurs must also possess appropriate capabilities, such as skills, resources, or technology growth (Mead, 1994).

Figure 2.1 indicates clearly how opportunities and capabilities interact to explain small business growth. Small and medium enterprises (SMEs) that consolidate sustained growth rates are termed "gazelles." Common in these 'gazelles are profitable business opportunities and appropriate capabilities to harness these opportunities. Those that have these business opportunities, but unable to take full advantage of them due to lack of capabilities are termed "ponies". According to Nichter (2004), inadequate capabilities in the form of inappropriate technology of lack of formal packaging requirements prevented honey producers in Brazil to market at the supermarkets, though there is high demand.

Also, some SMEs may have the desired capabilities, but no opportunities to utilize the capabilities and these are termed “caterpillars” which exhibit a great deal of latent opportunities for growth. E.g, a village tailor in most developing countries may have the ability and capacity to produce more, but as a result of weak domestic demand and lack of access to external markets he cannot expand.

Finally, it is hardly surprising that many SMEs lack both profitable business opportunities and a host of capabilities such as skills, resources, and technology being termed “tortoises”. These “tortoises” demonstrate the little or no growth, and their owners frequently focus instead on firm survival but are still important to development. For instance, they often provide essential sustenance for their owners and workers.

The typology of small and medium growth profiles is illustrated in the figure 2.1

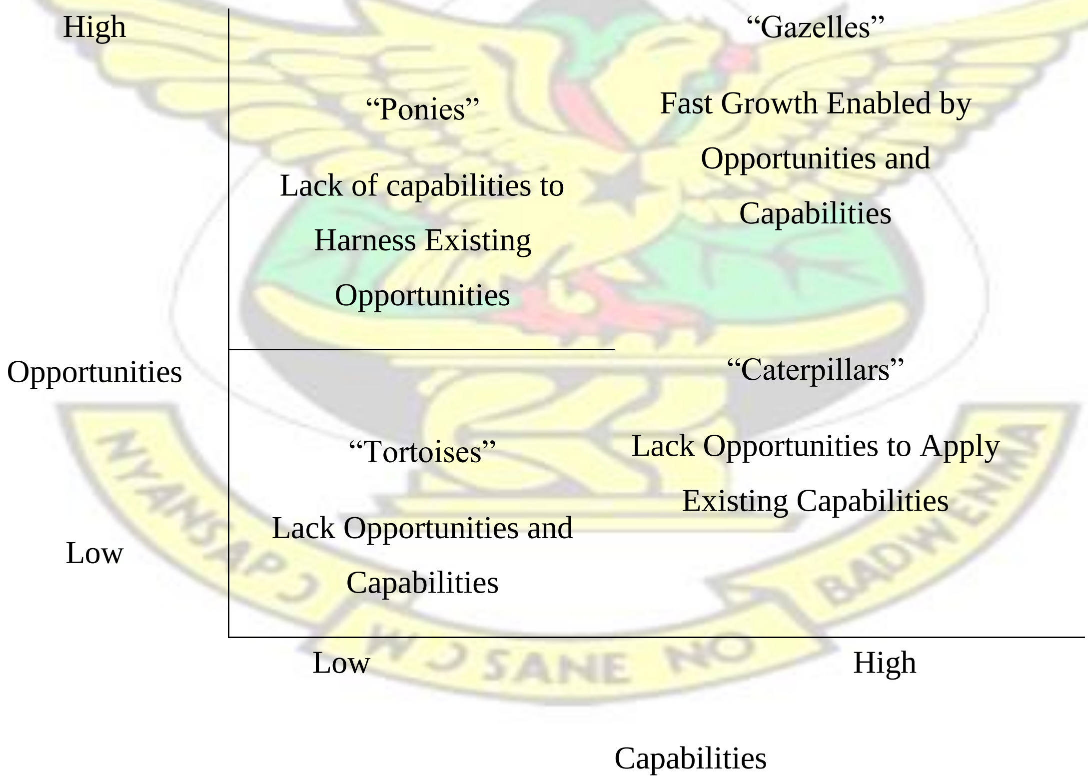

Figure 2.1: Typology of SME Growth Profiles Source:

Simeon N. and Lara G. (2005).

The framework is wholly adopted to assess the growth of women small scale enterprises through microfinance in the Nanumba-North District of the Northern Region of Ghana.

Building on the framework of opportunities and capabilities in fig. 2.1, there exist a certain range of factors that can influence the growth performance of a SME. The factors have influences on the opportunities and capabilities presented to owners as well as employees.

In fig. 2.2, the factors that can potentially affect business environment are broadly grouped into some four categories. They range from range from broad to narrow factors. The broad factors affect precisely the macroeconomic environment while the narrow factors affect the individual entrepreneurs. Either of these factors affects directly or indirectly the opportunities and capabilities that confront SMEs. E.g. when central banks raise interest rates, as a measure to control inflation, what it means is that, SMEs become constraint in their quest to access credit even from informal sources. This directly affects the macroeconomic environment of business operated by SMEs. In the same vein, education which would have otherwise enhanced SMEs capabilities through their owners can conversely affect positively their growth and expansion processes.

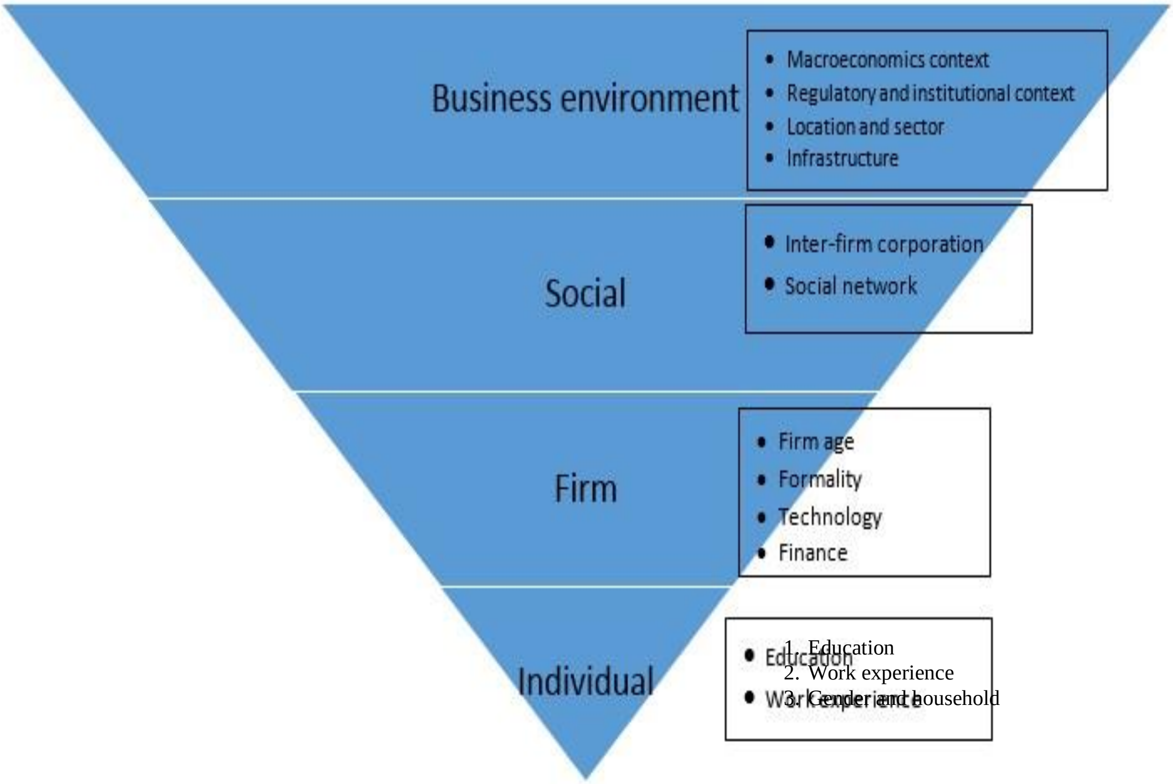

Figure 2.2: Key factors affecting the growth of small scale enterprises

Source: Simeon N. and Lara G. (2005)

This is also wholly adopted in an attempt to explain the growth of women's small scale enterprises in the Nanumba-North District of the Northern Region of Ghana.

2.4 Microfinance in Ghana

Micro financing is very critical in the fight against poverty in many developing and middle-income countries such as Ghana. There are three types of microfinance institutions (MFIs) currently in Ghana: The formal microfinance providers- Rural and Community Banks, Savings and Loans Companies, Commercial Banks. The Semiformal-Credit Unions, Financial NGOs, and Co-operatives and the Informal microfinance providers -Susu collectors and clubs, traders, money lenders and other individuals.

At the beginning of 1976, the Bank of Ghana (BoG) under the banking law, issued a regulation which permitted Rural and Community Banks (RCBs) to operate as commercial, but they could not carryout foreign exchange operations. These banks were meant to serve the banking needs of their operational areas.

The Non-banking financial institutions law of 1993, made the system more liberal by nine more licensed financial institutions including Savings and Loans Companies as well as credit unions (which nevertheless have not been brought under BOG supervision pending further legislation that would be more explicitly recognized their dual cooperative and financial nature). Registered NGOs, government and donor agencies are allowed to engage in lending. In the same vein, Susu collectors which fall under the informal sector are allowed to mobilize daily savings and hold on to it on behalf of their clients.

A look at Rural Microfinance Institutions in Table 2.1 shows some growth in the number of formal and semi-formal Rural Financial Institutions. Even though, these institutions have about 7% of the assets of the entire formal financial system, they account for over half of the total service points throughout the country and have majority of clients.

Table 2.1 Categories of Microfinance Institutions

Institution	No. in 2000	No. in 2006
Rural & Community Banks	114	121
Savings &Loans Companies	8	12
Credit Unions	225	273
Financial NGOs	8	29

Total	**355**	**435**

Source: GHAMFIN, 2008. (Cited in Quarterly Report of Microfinance Development in Ghana).

Ghana Microfinance Networks was formed in 1998 and was registered as Ghana Microfinance Institution Network (GHAMFIN) in the year 2000 with a new constitution and membership expands from the formal to informal microfinance institutions. GHAMFIN operates in four (4) key areas, including;

1. Advocacy to promote ideals of microfinance and the interest group.
2. Capacity building, both human and non-human resources of its members to improve on their efficiencies, productiveness and effectiveness.
3. Performance benchmarking of microfinance institutions.
4. Best practice information sourcing and dissemination for its members and other stakeholders.

The success of GHAMFIN is explicitly defined to the extent that its services have been used to assess the network capacities of the Azerbaijan Microfinance Association, the Gambian Microfinance Association and the Ethiopian Association of Microfinance Institutions. GHAMFIN is therefore, an active member of the African Microfinance Institutions Network and the Small Enterprise Education Promotion (SEEP) Network based in Washington DC.

The Microfinance Apex Institution in Ghana includes:

1. ARP Apex Bank Ltd. This is a mini "Central Bank" for the Rural/Community Banks. It is mainly financed through the Rural finance Services Project (RFSP). This is a government of Ghana project formed

to address the operational bottlenecks of the rural financial sector with the aim of broadening and deepening financial intermediation in the rural areas.

2. Co-operative Credit Union Association Ltd (CUA): This was formed in 1968 as the Apex body of the credit unions movement in Ghana. It offers both technical and financial services to member-credit unions, including education and training, auditing, bookkeeping, computer services, general supervision and risk management insurance services and has about 160,000 membership.

3. Association of Financial NGOs: The association of financial NGOs was inaugurated in 2005 as the Apex body of all financial organizations in Ghana with the aim of regulating the activities of member institutions as well as advocacy for the development of financial NGOs (FNGOs) in Ghana and as a link between member FNGOs and key stakeholders involved in the promotion of microfinance. In 2006, 96 of these categories were in existence.

4. Savings and Loans Companies (S&L): The Apex body for Savings and Loans Companies. As at 2006, there were 16 of such companies in Ghana. (GHAMFIN, 2008).

2.5 Challenges of Microfinance Institutions in Ghana

The challenges Microfinance Institutions face in making funds available to small scale enterprises include the following:

1. Information and Risk

There is difficulty for microfinance institutions to be able to access information from their client's abilities to repay the loans contracted. The importance of assessing a loan customer's credit worthiness cannot be over emphasized. Information asymmetry often leads to moral hazards on the part of banks because some of their loan clients have the tendency to provide incomplete information. Hjer et al(1980) acknowledged this problem of information asymmetry and sought to define information asymmetry as the disparity of the information available between the business in need of capital and the providers of the capital. However, Hjern et al did not explain how women small scale enterprises are affected by information asymmetry.

2. Collateral and Adverse Selection

This is a requirement from MFIs to demand some asset or cash guarantee from their loan clients against default. This information is useful in screening the loan applicant. Most SMEs often do not have legal documents covering their properties and this makes it very difficult for MFIs to accept these properties as collaterals. This makes it difficult for SMEs to access loans.

3. Inadequate Management Expertise

Most SME owners and managers lack managerial training and experience. The typical owner or managers of small businesses develop their own approach to management by just trial and error. According to Hill (1987), it is the 'susu' collectors who often graduate into MFIs and as a result, they do not have the managerial experience in carrying out the required mandate of formal microfinance institutions. Hill however, did not show how women entrepreneur are affected by this problem.

4. Inadequate funding

Most Microfinance institutions do not have enough funds to meet the increasing demand for loans by the populace. Due to the recent increase in capital requirements by BOG from Ghc500,000 to Ghc 1m by which microfinance institutions must meet, a lot of these institutions have closed down and quit the market. Also, the increase in interest rate in the inter-bank market as well as high government borrowing has increased the cost of borrowing and this limits the amount of funds to the microfinance institutions which are eventually crowded out.

The challenges of microfinance institutions in Ghana from the macro to micro levels have been summarized by GHAMFIN in Table 2.2.

Table 2.2 Challenges of Microfinance Institutions

Macro level	**Challenges**
	-Lack of regulation and Coordination of MFIs -Inadequate funding -No uniform methodology for data and information gathering at the national and Institutional levels and monitoring of progress is difficult.
Micro level	-Lack of information on MFIs and their clientele -Many MFIs face problems in assessing on-lending funds for disbursement to clients -Lack of effective delivery system.

Source: GHAMFIN, 2008 (Cited in Quarterly Report on Microfinance Development in Ghana)

These problems and challenges are general and have not shown how they impact on women entrepreneurial growth.

2.6 Relevance of Small Scale Enterprises

The contributions of SMEs in Ghana and in Africa range from employment generation, Gross Domestic Product (GDP), revenue generation to the government and the local economies leading to poverty reduction.

With regard to employment, which is seen as the number of the active population who are on the job. Small and Medium Scale Enterprise sub-sector provides employment and incomes to a large portion of urban and rural labour force and are a significant source of total output (Aryeetey, 2001). Daniel, (1994) estimated that SMEs employ about 22% of the adult population in many developing countries. Daniel did not however show the proportion of women employed and as to whether the percentage represents an increasing or decreasing performance of the sub-sector.

A study conducted by Safiriyu and Njogo (2012) in which key success factor in SMEs were researched since success is a measure of effectiveness of the sector and the impact of the sector on the overall development of participating firms and by extension national economy at large. In that study, the researcher adopted a cross sectional survey of small and medium enterprises in Lagos. The findings of this study revealed that considerable percentage of Nigerian working population (20-49 years) is increasingly seeking for self-employment. This age group constitutes responsible men who have attended higher institutions. Safiriyu and Njogo failed to show the trend of growth of the levels of employment.

On its part research done by the federal office of statistics in 2004 shows that 97% of all businesses in Lagos State in Nigeria used the umbrella “small business” and that the micro and small enterprises sector provides, on average, 50% of Nigeria’s employment and 50% of its industrial output. No government can afford to ignore such a high contributor to its economy. Still on Lagos State, Safiriyu and Njogo

(2012) again studied on the "impact of small and medium scale enterprises in the generation of employment in Lagos State" and with a sample size of 120 small scale enterprise owners and the use of chi-square as the statistical instrument, the researcher found that there exist a relationship between small scale business and employment generation.

Meyanathan (1994); Ukpabio (2004) and the World Bank (2005), agreed that it is micro and small scale enterprises (MSEs) that play intermediate role in the development of large scale enterprises. They reduce regional disparities through the creation of employment opportunities in the rural areas and mobilize local resources more readily than large-scale industries.

In Ghana, SMES contribute substantially to job creation as they use more of labour than capital in their operations. It is estimated that the sector employs about 35% of labour according to Mensah and Rolland (2004) and that for some public employment, SMEs provide a useful supplement as a second job.

The contribution in terms of Gross Domestic Product (GDP) cannot be left out. GDP is the amount of output produced within the economy and can be measured using output, income and expenditure indicators. According to Villars (2004), SMEs contribute about 70% to Ghana's Gross Domestic Product and account for about 92% of businesses in Ghana. Also, statistics from the NBSSI indicates that SMEs constitute about 90% of the private sector's contribution to the GDP of Ghana. They however failed to indicate the types of business activities responsible for this contribution and the sexual orientation of the entrepreneurs involved.

In Nigeria, according to Uzor (2004), SMEs contributes about 75 per cent in terms of revenue of all entrepreneurial activities and that SMEs also scored high in entrepreneurial dominance because of its potential in pooling skilled and semi-skilled workers and in general MSEs contribute to national development by positively influencing the distribution of income both in functional terms, wages and profits in nominal terms.

2.7 Challenges faced by Small Scale Enterprises

One cannot dispute the fact that the importance of small scale enterprises to the economies and welfare of developing countries including Ghana is enormous, but a number of obstacles militate against their effectiveness and efficiencies to grow in order for their importance to be realized. In Ghana we can talk of factors such as: input constraint, lack of management expertise, market constraints, regulatory and legal constraints, problem of advanced technology and financial constraints.

According to Baadom (2004) the obstacles for the effective operations of SMEs in Nigeria are: Poor Management Expertise, Problem of Advanced Technology or Inadequate Information Base, Market Constraints, Policy and Legal Constraints, Lack of Continuity and Capital Outlay. Therefore, the common challenges of small scale enterprises are discussed a follows:

2.7.1 Poor Management Expertise;

Most small scale businesses do not have the required management expertise to carry them through once the business start growing. Majority of the small scale businesses are owner managed and these owners often lack the requisite skills and expertise to keep the businesses growing and the management style is often try and error. This situation gets compounded as training is not usually accorded priority in such establishments and due to high illiteracy level. According to King and McGrath, (2002) majority of those who run SMEs are ordinary without educational background and hence they may not be well equipped to carry out managerial routines for their enterprises.

2.7.2 Problem of Advanced Technology or Inadequate Information Base; Technology is the art of producing goods and services and measures the factor productivity of resources. The influence of technology to the growth of any business concern is enormous. According to Asharati and Murtaza (2008), small scale businesses who have adopted ICT have realized benefits and are very positive in continuing to invest and harvest those benefits.

Ironically, technological advancement has rather posed a great challenge to most small businesses. This has resulted from their inability to learn and utilize the immense benefit of the technological advancement. Duan et al (2002) declared that lack of ICT knowledge and skills as one of the major challenges faced by SMEs. This technological problem underlies the bases for inadequate information base. A study conducted by Charles et al (2004), on information needs assessment for small scale business community in Zambia. With a sample size of 250 and the use of survey method, concluded as one of the findings that 9.1% of the respondents were aware of the use of computers as against 90.4% who said they were not.

In Ghana, like many other African nations, the challenge of connecting indigenous SMEs with technological upgrading still persists (Riedel et al, 1988). Most rural areas do not have access to internet services and as such technological change, though meant to bring about economic change does not appear to answer to the plight of the rural entrepreneurs involved in SME operations.

2.7.3 Market Constraints;

Low demand for the output of small scale businesses is one of the obstacles limiting the growth of these enterprises in Sub-Saharan Africa. What worsens the case is also that due to the influx of foreign goods, a lot of consumers in Africa prefer the imported goods to domestically produced goods (for instance local rice and foreign rice), and this affects small scale businesses in the value chain of domestically produced goods. Riedel et al (1988) reported that tailors in Techiman who used to make several pairs of trousers in a month went without any orders with the coming into effect of trade liberalization and influx of Chinese goods.

2.7.4 Policy and Legal Constraints;

There have been many good policies formulated in the past by the government to improve the operations of small scale businesses, but weak implementation has made it impossible to realize the goal. The burdensome process and requirements to commence business has been an issue for SMEs and as a result most businesses are not registered to formalize their operations. The legalities in clearing goods from the ports and the processing of export documents are also an issue in terms of the time it takes and the monetary values involved.

2.7.5 Lack of Continuity;

A number of small scale establishments in Sub-Saharan Africa are sole proprietorship and their existence are tied to the lifespans of their owners and as result, they often cease to function as soon as the owner is no more. This limits the growth of small businesses and raises the risk of financing such businesses.

2.7.6 Poor Capital Outlay;

Inadequate capital has negatively affected the operations of small scale business in most developing countries. The informal nature of their operations makes the sector a high risk area and therefore financial companies are reluctant g their funds to SMEs. The inadequacy of funds SMEs limits their expansion especially due to inadequate collateral. A study undertaken by Osotimehin et al (2012), on “Evaluation of the challenges and prospects of SMEs Development in Nigeria". By testing the hypothesis that financial constraint is not a serious factor militating against the effective management of SMEs, they rejected that hypothesis and hence concluded that financial constraint is a serious factor militating against the effective management of SMEs. Lack of access to finance has been identified as one of the major constraints to small business growth (Carpenter, 2001 and Lawson, 2007). Again Carpenter and Petersen (2002) argue that firms whose financial needs exceed their internal resources may be constrained to pursue potential opportunities for growth. Almost all the researchers with this view however, fail to show explicitly the sexual orientation of the entrepreneurs who are affected by this canker.

However, a research conducted in Nigeria by Emmanuel and Daniya, (2012) on the "Development of SMEs; The role of government and other financial institutions" and with the use of secondary data, found that financial institutions provide the necessary financial lubricant that facilitate the development of SMEs, but a lot need to be done by government in terms of policy formulation and implementation.

2.8 Empirical Literature

In exploring women entrepreneurship, it is important to consider the concepts of sex and gender. Sex refers to one's biological identity as male or female, while gender refers to the social identities attributed to women and men. According to Anderson et al, (2001) gender is entrenched in social institutions and results in patterns within society that structure relationship between women and men and that give them differing positions of advantage and disadvantage within the institutions.

The difference between men and women in the performance of any activity, including entrepreneurship is rooted in liberal feminists and socialist feminists' theories.

According to the liberal feminist theory, the differences in the achievements of men and women are ascribed to the inability of women to realize their full potential because they are denied equal access to opportunities in the labour markets and to resources and this has toppled women from acquiring the skills and capabilities necessary to compete on equal basis with men. Thus, once equal access to resources is ensured, gender differences in performance seemingly disappear (Carter et al., 1997). With regard to the socialist feminist theory, which generates from social learning theory and psychoanalysis, the differences between men and women capabilities are seen in the way women and men construct and interpret reality and how these influence the formation of their values and intentions (Carter et al., 1997). As a consequence according to Fischer et al., (1993), women adopt different approaches to work which may or may not be as equally effective as those adopted by men.

Entrepreneurship is simply seen as the organization or coordination of the three factors of production-land, labour and capital in any economic activity. Put differently, it is the skills of managing an economic undertaken or an enterprise in order to achieve its objective. In the view of Knight (1921), an entrepreneur is someone who has the willingness and superior ability to make decisions, raise capital and assume the risk of failure. Knight fails to indicate as to whether both males and females possess these features equally.

The classical economists and the Austrian school were the two schools of thought that first acknowledged the role of entrepreneurship in SME development. According to the Austrian School, an individual chooses to create a new business in order to maximize his expected utility. This utility is a function of entrepreneurial activity or wage income, and of attitudes that affect the utility that the person derives from the entrepreneurial activity. The attitudinal factors include one's taste towards work effort, risk, independence, working close to customers etc. Income, in turn, depends on the individual's ability to generate profit, such as managerial abilities to raise capital, and abilities to perceive new market opportunities and to innovate.

The Classical Economists on their part considered entrepreneurial activities as not only decisions to start a business, but decisions to grow a business. Davidson, (1989) explained that a firm growth is an indication of continued entrepreneurship.

In distinguishing between a business owner and an entrepreneur, Carland et al, (1984) asserted that an entrepreneur is someone who is committed to the growth of his business. On his part, Kolveired, (1992) concluded that small business entrepreneurs who wanted their firms to grow started their business in order to achieve just that. Kolveired however fail to show whether both men and women small businesses entrepreneurs can have the same desire for growth. However, Brown et al, (2004) had contrasting findings, when they employed panel data techniques to analyze a survey of 297 new small enterprises in Romania and found that entrepreneurial skills have little independent effect on growth, once demand conditions are taken into account.

In Botswana, Kebonang (1997) carried out a study in which he was evaluating existing ways through which the financial assistance policy (FAP) programme disseminated information to small-scale business owners involved in knitting, leather work, metal work, sewing and wood category. The findings of the study were that one problem facing entrepreneurs in their quest to grow is that of inadequacy of information dissemination. Kebonang fail to show how women entrepreneurs are affected by this inadequate information. According to Buttner (2001), several factors influence business performance of enterpreneurs which include among many others: their professional background, their entrepreneurship capabilities and preferences, cultural and religious beliefs, as well as the technology and micro–environment.

Buttner similarly did not explain the segregation of the factors on gender basis.

Hopwood (1989) carried a study on successful women entrepreneurs in Zambia. The findings of the study showed that one of the factors that were hindering entrepreneurship was the lack of access to information. However, despite the Inherent problems associated with the growth of Small- scale businesses, women entrepreneurs are increasingly venturing into ownership of small-scale enterprises either on their own or in partnership with male entrepreneurs (ILO, 2005).

CHAPTER THREE

METHODOLOGY

The data collection techniques/methods and the way data was analyzed is the main focus of this chapter.

3.1 Profile of the Study Area

In discussing profile of the study area, the issues considered were location, sociocultural issues as well as economic activities.

3.1.1 Locational Features

With regard to location, the Nanumba-North district is situated in the South-Eastern part of the Northern Region of Ghana with Bimbilla as both the administrative and the traditional capital since it is the seat of the paramouncy. The district in terms of boundary demarcation, shares boundary with Yendi Municipality to the North, Nanumba-South district to the South, the Republic of Togo borders to the East and the East-Gonja district to the East.

3.1.2 Socio-cultural Features

In analyzing the socio-cultural lives of the people, the occupaats of the district are predominantly Nanumbas and Konkombas. Other tribes include Basares, Kabures, Batoos, Mampurisis, Gonjas, Akans, Ewes and Chokosis. The Bimbilla Naa is the paramount chief of the area who enskins other sub-chiefs to help in the administration of the area. The people celebrate a number of festivals such as Damba, Bugum (fire festival) among others. The development implications of the socio-cultural lives of the people are that; the system of governance is in line with the formal system of governance where the Bimbilla Naa enskins sub-chiefs to help in the smooth administration of the district as a whole. Also, the importance of the Damba festival celebrated by the people cannot be over-emphasized. It is a single most important occasion that brought the elites of the district together annually to deliberate on the development agenda of the district.

3.1.3 Economic Features

Economically, agriculture is the main economic activity in the district which provides employment to large number of people in the district. Majority of the farmers are small scale farmers with yam cultivated on a large scale. Other economic activities which have engaged a good number of the populace include retail and wholesale trade in agriculture and non-agricultural products, weaving and basketry, agro-processing, transport services among others.

The population of the district, according to the 2010 Population and Housing Census stood at 141,584. With this number, the female population was 71,587, about 61.3% of the total population whiles the male population was 69,997, representing 38.7%. Most women in the district, aside being involved in farming, a good number of them are into buying and selling of agricultural and non-agricultural goods.

The Nanumba-North district is of interest because; a lot of women are reducing their farming activities and are now becoming traders in small scale businesses than before.

3.2 Research Design

The researcher employed before- and-after research design. The choice is necessitated with the intention of measuring change in growth due to microfinance loan as a stimulus on women's small businesses. This research design made the research less costly to undertake than longitudinal research design especially with regard to time. Longitudinal research design is more time consuming in arriving at research findings, though it can also be employed in the measurement of change effect.

3.3 Sampling Units

The sampling units for the study included; Women in groups (traders in both agriculture and non-agriculture products; manufacturing and services) and microfinance managers.

3.4 Sample Size

A sample size of 160 was chosen from among the sampling units which the researcher's believed was representative enough. They include: 150 women group microfinance members, which represents 50% of the total 300 membership using the sample size criteria by Gay (1996) and 10 microfinance managers.

3.5 Sampling Techniques

Both probability and non-probability sampling methods was adopted. By probabililty sampling, every member of the target population (women group members) has an equal chance of being selected as part of the sample size. The non-probability sampling method on the other hand, involves the use of the researcher's discretion in the selection of the sampling units as part of the sample size.

The simple random technique was used as a probability method whiles purposive and quota sampling techniques were used under the non-probability method. In this regard, 15 women- groups were purposively selected and a simple random sampling through the lottery method was used to select 10 members from each group to constitute the 150 women. The 10 microfinance officers were purposively selected as well.

3.6 Sources of Data

Data were collected both from the primary and secondary sources. The primary data was collected directly from the field whiles secondary data was reviewed from existing literature in books, journals and articles.

3.7 Data Collection Methods

Both probability and non-probability data collection methods were used. These include survey questionnaire and interview to collect both quantitative and qualitative data. The survey questionnaire was applied to the 150 women whiles the 10 bank officers were interviewed

3.8 Analysis of Data

The qualitative data was analyzed by organizing data from the field into themes through colour coding in order to reveal patterns and relationships.

The quantitative data collected was analyzed using Statistical Package for Service Solutions (SPSS) after being coded. A regression was also run from the data for some selected variables to assess their significance on small business growth.

The regression model is expressed as:

$$\mathbf{Y = \beta_0 + \beta_1 Eage_1 + \beta_2 EE_2 + \beta_3 BiZemp_3 + \beta_4 LS_4 + \beta_5 BIZage_5 + \beta_6 MT_6 + \mu_t}$$

Where Y= Small business growth, which is proxied daily sales as the dependent variable.

The explanatory variables include Eage- Entrepreneur age; EE- Entrepreneur education; BiZemp- Business employment; LS- Loan size; Bizage- Business age;

MT- managerial training.

Entrepreneur’s age is expected to be positively related with sales (growth), entrepreneur’s education is expected to have a positive relation, business employment is expected to have a positive relation with sales, loan size expectation is positive, managerial training is positive whiles business age is expected to have a negative relation with growth due to economic theory.

CHAPTER FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

The results of the data collected are presented in this section. Both the quantitative and qualitative data were analyzed. The quantitative data collected were analyzed using Statistical Package for Service Solutions (SPSS) version 16 in the form of tables and graphs with absolute values and percentages. The qualitative data were also analyzed to complement the quantitative information. A regression results testing the significance of the variables involved in the research is presented as well. Critical to the presentation and analyses of the assessment of the growth of women's small scale businesses through microfinance were: the impact of micro finance on sales, employment and output levels; the impact on women managerial and entrepreneurial skills development; the contributions of small scale businesses to the development of the local economy as well as the challenges of small scale businesses in their quest to grow. The bio-data or socio-demographic characteristics of the respondents were also presented.

4.2 Bio-data/ Demographic features of respondents

The variables of interest in this sub-section include among others; the age of respondents, educational level, marital status and type of business respondents run.

4.2.1 Age Distribution of Respondents

The age of an entrepreneur has an influence in running a business. In this research, the ages of respondents were grouped as 15 to 25 years, 26 to 35 years, 36 to 45 years and 46 or more years. The field survey of age distribution of respondents is displayed in Figure 4.1.

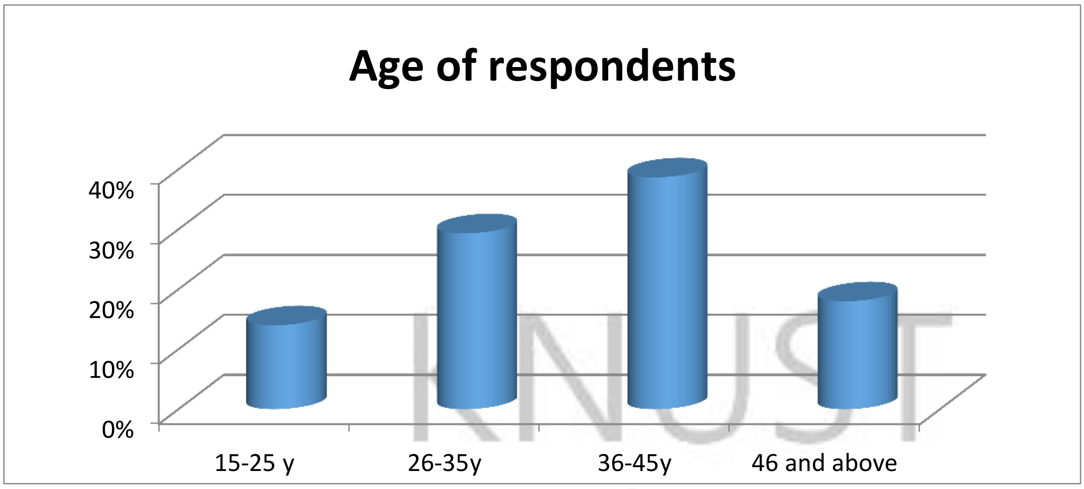

Figure 4.1 Age Distribution of Respondents

Source: Field Survey, 2015

From Figure 1, 10% of the respondents were within the age brackets 15- 25 years, 30% were within the age limits of 26- 35 years, 40% of the respondents were in the age bracket of 36- 45 years and those in the age bracket of 46 and more years were 20%. Thus, the age bracket of 36- 45 constituted the highest percentage group whiles the age bracket of 15- 25 years recorded the least percentage. What this means is that the age distribution is a normally distributed and this will not bias the results, making inferences from the results dependable.

4.2.2 Educational Level of Respondents

Education is a variable that can influence the abilities of entrepreneurs grow their businesses. It exposes an entrepreneur to a lot of opportunities through access to information. The educational levels distribution of the respondents was interrogated and the results presented in Figure 4.2.

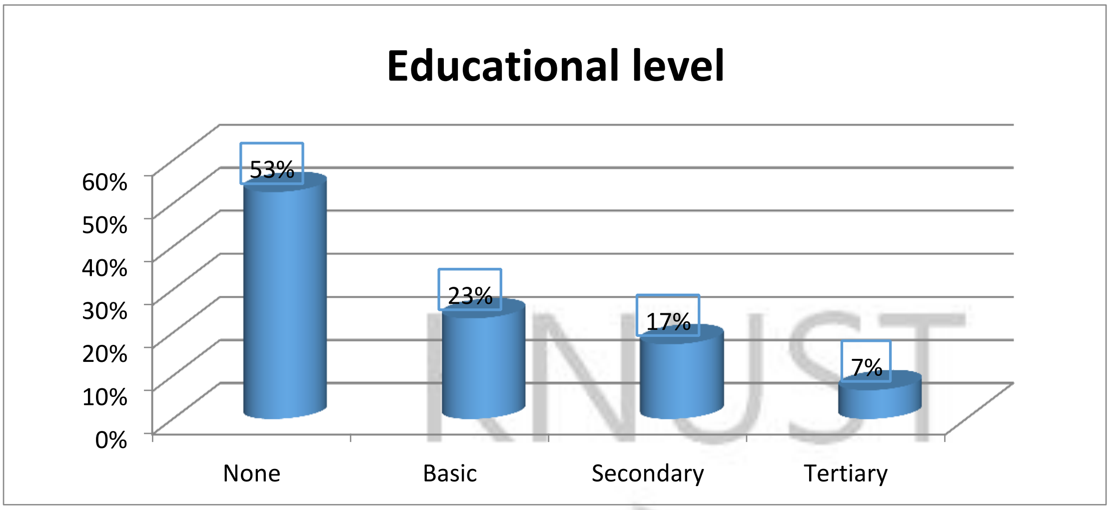

Figure 4.2 Educational Level of Respondents

Source: Field Survey, 2015

From Figure 4.2, more than half of the respondents had no formal education and this consisted of 53%. Those with basic education were 23%, secondary education 17% and 7% had tertiary education as the least percentage. What can be deduced from the analysis is that the district has a very high illiteracy rate and if literacy can positively affect business growth, then women's small scale businesses in the district has no potential for growth. What can be deduced from the analysis is that though the distribution is skewed, making the results bias, it can still be relied upon since it reflects the normal trends in educational levels in most societies.

4.2.3 Marital Status of Respondents

As part of the demographic features, the study also took into consideration the marital status of the respondents. By this variable, the study considered whether a person was married, single, widowed or divorced. The responses showed that 60.1% of the respondents asserted that they lived with their partners, whiles 13.3% reported that they were separated. The detailed analyses are presented in Figure 4.3.

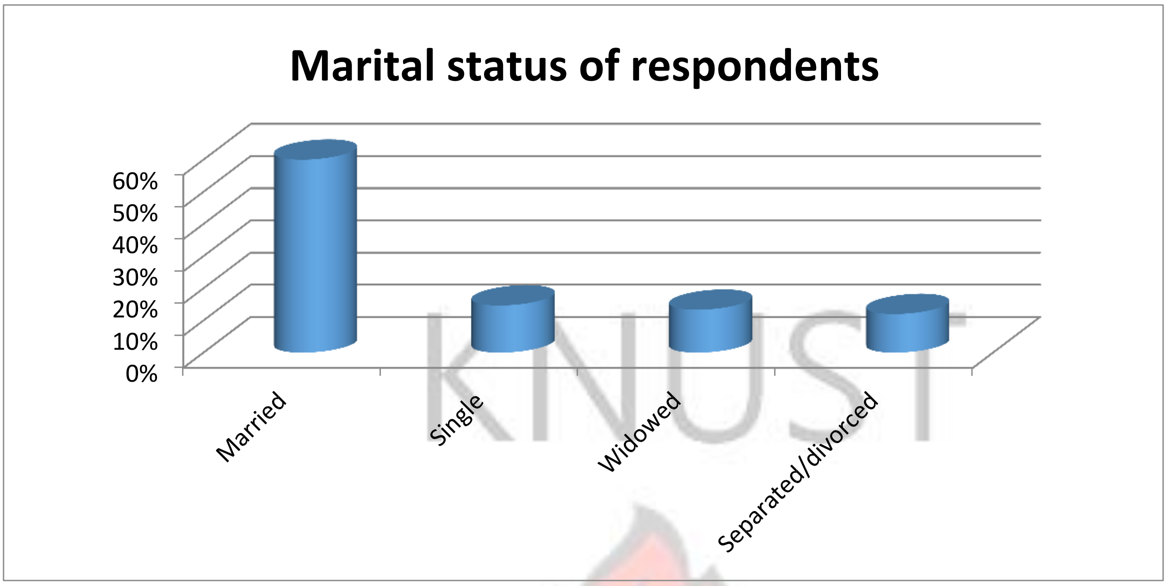

Figure 4.3 Marital Status of Respondents

Source: Field Survey, 2015

Analysis in figure 4.3 indicates that 60.1% of the respondents were married, 13.3 % of the respondents however did not marry. This same percentage point applies to respondents who were divorced and those who were widowed. This is an indication that the district is predominantly Muslim inhabitants where early marriages are practice and marriage raises the status of women. The nature of the distribution will not however bias the study results since majority of the microfinance clients are married people and the aim of which is to aid such people.

4.2.4 Occupational Distribution of respondents

The type of business being operated can have an influence on the sales level and for that matter the growth of the business. The categories of occupations studied in this research include: trade (buying and selling of goods), service (canteen services, hair dressing, tailoring etc), manufacturing (basketry, pottery etc.) and agricultural production. Figure 4.4 displayed the results of the distribution of respondents in terms of occupation.

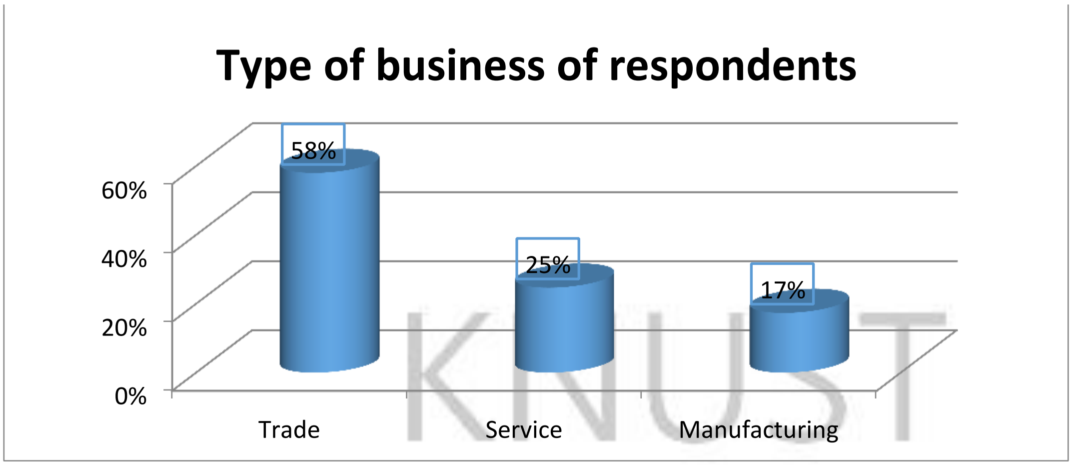

Figure 4.4 Type of Business/ Occupations of Respondents

Source: Field Survey, 2015

From figure 4.4, more than half of the respondents were into buying and selling, constituting 58%. Those in servicing were 25% whiles manufacturing was 17%. However, no respondent was into agriculture, though the district is predominantly agrarian. What this implies is that microfinance operations might be favoring buying and selling. The distribution will not bias the study findings since majority of women entrepreneurs are into the trade and services sub-sectors, with very few of them are farmers themselves.

4.3 Microfinance and employment, sales or output levels of women's small scale businesses

This sub-section of the study presents results of the influence of microfinance on business sales levels, employment levels and output as well as the business characteristics by way of measuring growth of women's small scale businesses. The specific variables assessed in this sub-section included; the size of the loan received, the range of loans preferred by respondents, factors involved in receiving more loans, age of the business, number of employees employed, terms of loan repayment and average daily sales.

4.3.1 Amount of Loan Received from Microfinance Institutions and Loan Preferred.

According to small business theory, the size of capital and for that matter the amount of loan can positively influence growth, in this case sales. Thus, an increasing amount of loan implies growth. From a loan range of less than Ghc 300, Ghc300-600, Ghc601-1000 and more than Ghc1000, 43% of the respondents received loans of less than Ghc 300 whiles 3% of the respondents received loans of more than Ghc1000. Table 4.1 gives a detailed results of the loan received by respondents from microfinance institutions in conjunction to the loan range preferred by small scale women entrepreneurs.

Table 4.1 Loan Received from Microfinance Institutions and Loan Range Preferred

Loan	Frequency	Percent
The Initial loan received from Microfinance institution		
Less than Ghc 300	64	43%
Ghc 300-600	60	40%
Ghc 601-1000	21	14%
More than Ghc 1000	5	3%
Total	150	100%
The Loan range respondents prefer in running their businesses		
Less than Ghc 300	9	6%
Ghc 300-600	30	20%
Ghc 601-1000	33	22%
Ghc 1000+	78	52%
Total	150	100%

Source: Field Survey, 2015

It can be inferred from Table 4.1 that 43% of the respondents received loans of less than Ghc300. Those within the range of Ghc300-600 were 40%. In the range of Ghc 600- Ghc1000 were 14% and 3% of the respondents received more than Ghc 1000.

What this means is that majority of women entrepreneurs receive small amounts as loans from microfinance institutions in the district which can result in small capital formation.

As regards the preferred range of loan, 6% of the respondents preferred loan range of less than Ghc300 compared to 43% of the loan received. Also, 20% of them preferred a loan range of Ghc300- 600, 22% of the respondents preferred a loan range of Ghc601-Ghc1000 and 52% as compared to 3% of the loan received, preferred a loan range of more than Ghc1000. This position is confirmed in an interview with the General Manager of Boabab Financial Services that "due to their aim of a wider women clientele base, they do not give huge amount of loan to a single woman". It confirms also the views of GHAMFIN (2008) that most Microfinance institutions in Ghana do not have enough funds to meet the increasing demand for loans by the populace.

To see the relationship between the loan receipt and the loan range preferred, cross tabulation was done in order to measure the adequacy of the loan received. A detailed reports of the interaction are presented in Table 4.2.

Table 4.2 The loan received from microfinance institution * Loan range Respondents prefer in running their businesses

The initial loan received from microfinance institution	Loan range respondents prefer in running their business				Total
	Less than Ghc 300	Ghc 300-600	GHc 601-1000	Ghc 1000+	
Less than Ghc 300	5 7.81%	19 29.69%	21 32.81%	19 29.69%	64 100.00%
Ghc 300-600	4 6.67%	9 15.00%	10 16.67%	37 61.67%	60 100.00%
Ghc 601-1000	0 0.00%	2 9.52%	2 9.52%	17 80.95%	21 100.00%
More than Ghc 1000+	0 0.00%	0 0.00%	0 0.00%	5 100.00%	5 100.00%
Total	9 6.00%	30 20.00%	33 22.00%	78 52.00%	150 100.00%

Source: Field Survey, 2015

From Table 4.2, it can be observed that for a loan range of less than Ghc 300, only 8% preferred that category and 30% of this category preferred loan range of more than Ghc1000. Those in the loan range of more than Ghc1000, recorded 100% preference. The implication of this analysis is that women small scale business owners prefer higher loans to what is currently given.

4.3.2 Factors Considered in giving out Loans

Indicators being looked out for before giving loans to women were also interrogated and the detailed results of the responses of the respondents regarding the indicators are presented in Table 4.3.

Table 4.3 The main significant factor they consider in giving the loan

	Frequency	Percent
Entrepreneurial skills	83	55%
The size of the group	19	13%
Level of education	16	11%
Size of business	32	21%
Total	150	100%

Source: Field Survey, 2015.

The perusal of Table 4.3 indicates that 55% of the respondents went for how enterprising the person is, followed by the size of the business which is 21% and 13% of the sample gave the size of the group as the major factor. The least percentage of 11% gave preference to the level of education. What this means is that a lot of importance is attached to how enterprising the woman is in issuance and receipt of loans and little attention is given to education. Figure 4.2 gives credence to these findings. The findings are confirmed by the general manager of Boabab Microfinance Company through an interview session.

4.3.3 The Age of Business before the Receipt of Loan and Sources of capital In assessing whether the business has been in existence before the receipt of the loan, Table 4.4 gives a detailed analysis of these responses.

Table 4.4 Number of Years Business has been in Existence

How many years is your business in existence ore the receipt of he loan?

be Response	Frequency	Percent
1-4 years	57	38
5-10years	66	44
11 or more years	27	18
Total	150	100

Source: Field Survey, 2015

From table 4.4, it can be inferred that 38% of the respondents were into business for a period less than 5 years before the receipt of the loan, 44% between 5-10 years and 18% of the respondents ran their businesses for 11 or more years before the inception of the loan. Thus, almost all of the respondents were into business in one form or the other before the microfinance loans. But as to whether the businesses were growing or not are another matter.

4.3.4 Sources of Capital before the Receipt of Loan

The various sources of funds to women entrepreneurs before the inception of microfinance loans were also interrogated and the detailed results of which are presented in Table 4.5.

Table 4.5 Sources of capital before the Loan

Response	Frequency	Percent
Self-financed	87	58
Inheritance	11	7
Family and friends	38	25
Group contributions	14	9
Total	150	100

Source: Field Survey, 2015

The analyses in Table 4.5, showed that 58% of the respondents self-financed their businesses, 25% of the women had their source of funding from family members and friends and a single digit percentage points of 9% and 7% for group contributions and inheritance respectively.

What this means is that majority of the businesses in this regard are self-financed and because the prevalence of poverty is higher among the women, then the capital levels of the chunk of women businesses were very, very small and this means a lot to their growth. Also, it reveals the importance or otherwise of microfinance growth of women's businesses. This findings therefore, supports the position of IDF, (2008) that over 70% of micro- enterprises owned by women start their businesses with capital less than US$100 and 45% with less than US$200, while 90% of them started with personal or susu savings rather than loans from formal financial institutions.

4.3.5 Number of years of the Business with the Microfinance Company

The number of years a respondent's business has been in touch with the microfinance institution has been interrogated in order to measure the actual period microfinance has impacted on the growth or otherwise of the business. The responses in this regard are presented in Table 4.6.

Table 4.6 The number of years respondents have been receiving loans from the microfinance institutions

Years/response	Frequency	Percent
2-5 years	93	62
6-9years	33	22
10-13years	18	12
14 and above years	6	4
Total	150	100

Source: Field Survey, 2015

The analyses in table 4.6 indicate that 62% of the respondents have been receiving the loan for a period between 2-5 years, 22% of them received for 6- 9 years, 12% of the women received loans for a period of 10- 13 years and the least percentage point of 4% received loans for more than 14 years. The implication of these findings are that a lot more women are new members which points to the fact that microfinance is increasing its membership base in the district.

4.3.6 Indicators for Giving Increasing Amount of Loans

In assessing the indicators for giving and receiving increasing amounts of loans, the detailed results of the respondents are captured in Table 4.7

Table 4.7 The Main Indicator creditor consider in giving/receiving increasing amounts of loan

Response	Frequency	Percent
Repayment rate	74	49
Sales level	30	20
Adequate record keeping	27	18
Attendance to meetings	19	13
Total	150	100

Source: Field Survey, 2015

From table 4.7, 49% of the respondents stated repayment rate as the major indicator. Those who selected sales level from which daily savings were made were 20%. Also, 18% and 13% gave priority to adequate record keeping and attendance respectively. This results was confirmed in an interview with the manager of the microfinance unit of Send Ghana in Bimbilla branch that “though all other variables are important, they only aid in repayment of the loan at the end of the day.”

4.3.7 The Levels of Employment of the Business

Changes in the levels of employment is seen as an indicator for growth of the business. Table 4.8 presents a detailed reports of the change in employment levels in the businesses of the respondents before and after the receipt of the loan.

Table 4.8 Change of Employment

Employment	Employment before the loan?		Employment after loan	
	Frequency	Percent	Frequency	Percent
0	82	55	9	6
1-2	25	17	69	46
3-4	22	15	39	26
5 and more	21	14	33	22
Total	150	100	150	100

Source: Field Survey, 2015

It can be inferred from the analysis in Table 4.8 that more than half of the respondents, consisting of 55% had not employed any person to assist in the running of the business before the receipt of the loan. Those who employed 1-2 employees were 17%, 3-4 employees were 15% and 14% of the respondents employed 5 or more employees. What this means is that greater percent of the businesses operated as sole proprietors before the assistance from microfinance. In the post loan period, only 6% of the respondents were sole proprietors as compare to the 55% before the loan receipt. However, 46% employed 1-2 employees as compare to the original 17%. 26% employed 3-4 employees and 22% instead of the original 14% employed 5 or more employees. The implication of the findings are that a number of women businesses graduated from sole proprietorship to small and to medium enterprises as supported by USAID criteria and cited in Kayanula and Quartey (1999). It supported also the findings of Mensah and Rolland (2004), that SME's employ more labour per unit capita than larger enterprises to the extent that 35% of labour are engaged by this sector. This signals growth of women businesses.

The interaction of number of employees employed before and after the microfinance loan in order to appreciate the percentage change within each group is presented in Table 4.9.

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Table 4.9 Number of employees employed before the loan * Number of employees employ now

How many employees did you employ before the loan	How many employees do you employ now? 0	1-2	3-4	5 or more	Total
0	9 11%	50 61%	23 28%	0 0%	82 100%
1-2	0 0%	14 56%	11 44%	0 0%	25 100%
3-4	0 0%	5 23%	5 23%	12 55%	22 100%
5 or more	0 0%	0 0%	0 0%	21 100%	21 100%
Total	9 6%	69 46%	39 26%	33 22%	150 100%

Source: Field Survey, 2015

The illustrations in Table 4.9 indicates that after the loan only 11% were sole proprietors out of 100% for that group. For the sole proprietors, 61% of them could now offer employment to 1-2 employees and the remaining 28% employed between 3-4 employees. Those who were employing 1-2 employees, 56% of them were still employing 1-2 employees. 44% had moved to employing 3-4 more hands. For those in the category of 3-4 employees, 23% of them were still in that employment brackets and 55% could now employ 5 or more employees. All those in the 5 or more category did not reduce their number of employees. What this means is that microfinance has impacted positively regarding employment in the growth of women small businesses in the study area.

4.3.8 Frequency of Loan Repayment and Terms of Loan Repayment Preferred In the assessment of the variables frequency of loan repayment and terms of loan repayment preferred by respondents, table 4.10 captured detailed reports of the respondents on these variables.

Table 4.10 Loan Repayment and Terms of Repayment Preferred

	Frequency	Percent
Terms of repayment		
Daily	37	25
Weekly	68	45
Monthly	45	30
Semi-annually Annually	0	0
	0	0
Total	150	100
Which of the following terms of loan repayment is preferable and can help you expand your business?		
Daily	21	14
Weekly	57	38
Monthly	53	35
Semi-annually	5	3
Annually	14	9
Total	150	100

Source: Field Survey, 2015

From Table 4.10, 25% of the respondents made daily loan repayments and 45% made payments weekly. Those who made monthly payments were 30% whiles no respondent was making payments semi-annually and annually. Thus, majority of the respondents were making weekly payments on their loans. With regard to the preference of loan repayments, 14% of the respondents preferred daily loan repayments rates, 38% preferred weekly repayments rates, 35% preferred monthly rates, semi- annual repayments was 3% and those who preferred annual repayment rates were 9%. What this means is that greater percent of the businesses invariably preferred longer duration repayments rates to shorter duration.

The terms of repayment was cross tabulated with the terms of loan payments preferable in order to see the trends of changes within each category. The detailed reports of the results are presented in Table 4.11.

Table 4.11 Terms of repayment * Terms of loan repayment preferable and can help respondents expand their business.

Terms of	Terms of loan repayment preferable and can help respondents expand their business					
	Daily	Weekly	Monthly	annually	Total repayment Annually	Semi-
Daily	5 14%	16 43%	16 43%	0 0%	0 0%	37 100%
Weekly	11 16%	21 31%	17 25%	5 7%	14 21%	68 100%
Monthly	5 11%	20 44%	20 44%	0 0%	0 0%	45 100%
Semi-annually	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
Annually	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
Total	21 14%	57 38%	53 35%	5 3%	14 9%	150 100%

Source: Field Survey, 2015

It can be seen in Table 4.11 that only 14% of those who made daily loan repayment still preferred making daily payments. Rather, 43% would prefer weekly payments of the loan and the same percentage point went for monthly repayments rates. On weekly repayments rates, 31% of those who were making weekly loan repayments still preferred making weekly repayments. For those in this weekly payments category, 53% of them would preferred longer duration repayment period and 16 rather preferred daily or shorter loan repayment rates. For those who were originally making monthly payments, 44% of them still preferred monthly loan repayments whiles 55% rather preferred shorter periods. Thus, what is clear is that the daily and the weekly repayments have decreased in percentage whiles that of monthly has increased from 30% to 35% and from 0 to 6% for both semi-annual and annual repayments rates.

4.3.9 The Average Daily Sales of Businesses before and after the Loan

Daily sales has been viewed as a proxy for the growth of the small scale businesses. As a result, the study assessed the daily sales levels of small businesses as a variable and the detailed reports of these results are presented in Table 4.12.

Table 4.12 Change in Average Daily Sales

Sales	Average daily sales before the loan		Average daily sales after the loan	
	Frequency	Percent	Frequency	Percent
Less than Ghc 50	34	23	6	4
Ghc 50-100	43	29	24	16
Ghc 1001-150	24	16	13	9
More than Ghc 150	49	33	107	71
Total	150	100	150	100

Source: Field Survey, 2015

From Table 4.12 it can be inferred that 23% of the respondents recorded daily sales of less than Ghc 50 before the receipt of the loan. 29% had sales between Ghc 50-Ghc 100, 16% had sales between Ghc 101- Ghc 150 and 33% had sales over Ghc 150. In the post loan period, 4% instead of the original 23% had sales below Ghc 50, 16% recorded sales of Ghc50-Ghc100, 9% as against the original 16% had sales between Ghc101-Ghc 150 and 71% as compared to the original 33% had the highest sales levels of over Ghc150 a day. The implication of these findings are that there is a decrease in percentage in the low sales category and an increase in percentage in the highest sales category of 38%, which an indication that microfinance has increased the growth of women's small businesses.

To see the trends of changes in percentage within each sales category, the daily sales before and after the loan receipt has been cross-tabulated. The detailed results of the cross-tabulation are presented in Table 4.13.

Table 4.13 Average daily sales before the loan * Average daily sales after the loan

Average daily sales before the loan	Average daily sales after the loan				
	Less than Ghc 50	Ghc 50-100	Ghc 101-150	More than Ghc 150	Total
Less than Ghc 50	0	20	4	10	34
	0%	59%	12%	29%	100%
Ghc 50-100	6	0	5	32	43
	14%	0%	12%	74%	100%
Ghc 101-150	0	0	0	24	24
	0%	0%	0%	100%	100%
More than Ghc 150	0	4	4	41	49
	0%	8%	8%	84%	100%
Total	6	24	13	107	150
	4%	16%	9%	71%	100%

Source: Field Survey, 2015

From Table 4.13, it can be inferred that for those with sales of less than Ghc50, none of them had that low sales after the loan. All had their sales levels increased to the extent that 29% had sales for more than Ghc 150. In the Ghc50-Ghc100 category, none had the same amount of sales. 86% of them had increased in sales and 14% had a lower sales of less than Ghc50 with the reasons that they change their locations and others change their businesses after the loan. For those in the sales region of Ghc 101Ghc150, all had higher sales of over Ghc150. Those in the sales range of over Ghc150, 84% of them were still in that sales margin and 16% had a lower sales. What it means is that there is a fair distribution of increased in sales in all categories.

4.3.10 General Expenses by Respondents

The level of expenditure is an indicator of standard of living of citizens and hence their welfare. It is worth noting that over expenditure can reduce the capital level and reduces growth. As a result, the general expenses levels of respondents was assessed and the analyses of which are presented in Table 4.14.

Table 4.14: Changes in the Level of Weekly Expenditure before & after the Loan

Expenses	Level of Weekly Expenditure before the Loan		Level of Weekly Expenditure after the Loan	
	Frequency	**Percent**	**Frequency**	**Percent**
Less than Ghc 50	50	33%	30	20%
Ghc 50-100	55	37%	60	40%
Ghc 101-150	40	27%	50	33%
More than Ghc 150	5	3%	10	7%
Total	150	100%	150	100%

Source: Field Survey, 2015

From Table 4.14, before the receipt of the loan, 33% of the respondents spent less than Ghc50 per week, 37% spent between Ghc50 – Ghc100, 27% spent the range of Ghc101-Ghc150 and 3% were spending more than Ghc150 per week. In the post loan period 20% instead of the original 33% spent less than Ghc50 per week. 40% of the respondents could now spend Ghc50-Ghc100, 33% in the range of Ghc101- Ghc150 and 7% could spend more than Ghc150. What this means is that all the expenditure categories saw an increase in percentage apart from the very low amount of less than Ghc50 per week. This signals increase welfare and reduction in poverty levels of women small scale business owners in the district.

4.4 Microfinance and the development of managerial and technical skills of women entrepreneurs

This sub-section presents the results of managerial and technical skills development of women entrepreneurs through access to microfinance. The specific variables assessed by the study are training and business location.

4.4.1 Frequency of Training Received from Microfinance

Training can have an influence on the performance of any activity. As a results, the number of training received from microfinance institutions by respondents are presented in Table 4.15

Table 4.15 Frequency of Training Received

	Frequency	Percent
Entrepreneurial training in the management of business by microfinance company in the last five years		
Once	23	15
Two times	58	39
Three and above	6	4
Not at all	63	42
Total	150	100
ICT training and advanced technology by the microfinance in the last five years		
Two times	19	13
Three and above	9	6
Not at all	122	81
Total	150	100

Source: Field Survey, 2015

From Table 4.15, it can be deduced that 15% of the respondents had training only once and 39% received training twice. A single percentage point of 4% had training for more than three times whiles 42% of the respondents had no managerial training at all. What it means is that more than half of the respondents (58%) had training at least once. The results contradict the position of

King and McGrath (2002), that majority of those who run SMEs may not be well equipped to carry out managerial routines for their enterprises.

4.5 Women's Small Scale Businesses and the Growth of the Local Economy This sub-section looks at how important the women small businesses are to development of the local economy of the Nanumba-North district. The variables considered are capital levels, general expenses, employment and tax levels.

4.5.1 The Levels of Capital of Businesses, before and after the Loan

The capital level before the receipt of the loan was assessed as a basis of determining the wealth of respondents after the receipt of the loan. A detailed analyses of their responses are presented in Table 4.16.

Table 4.16 Change in Capital Levels

Capital	Capital level before the		Capital level now loan	
	Frequency	**Percent**	**Frequency**	**Percent**
Below Ghc 100	28	19	0	0
Ghc 100 – 500	25	17	0	0
Ghc 501 – 1000	67	44	25	17
Ghc 1001 – 1500	30	20	31	21
Ghc 1501 and above	0	0	94	62
Total	150	100	150	100

Source: Field Survey, 2015

From Table 4.16, 19% had their wealth below Ghc100, 17% started with a wealth of Ghc100- Ghc500, 44% had a wealth level of Ghc501- Ghc1000 and 20% had a wealth level of Ghc1001- 1500. Thus, a total of 80% started with a capital of Ghc1000 and below. In the post loan period, only 17% of the respondents had a wealth level of Ghc1000 and below. 21% had their wealth levels at Ghc1001- Ghc1500 and 62% were in the region of Ghc1501 or more. What this means is that 83% of the respondents had their wealth above Ghc1000 as against the original 20% before the loan, pointing to small business growth. It also implies that the increase in capital invariably increases their income levels and this increases the GDP of the local economy through the income approach and eventually helps reduces the high levels of poverty in the region at large. The findings support the position of Villars (2004) that SMEs contribute about 70% to Ghana’s Gross Domestic Product.

Cross-tabulation was done in order to see the percentage change in the trends in each capital category after the loan. The reports of the interaction is presented in Table

4.17.

Table 4.17 Capital level before the loan * Capital level now

What was your capital level before the loan?	What is your capital level now? Ghc 501 -1000	Ghc 1001 – 1500	Ghc 1501 and above	Total
Below Ghc 100	5 18%	6 21%	17 61%	28 100%
Ghc 100 – 500	0 0%	10 40%	15 60%	25 100%
Ghc 501 – 1000	10 15%	15 22%	42 63%	67 100%
Ghc 1001-1500	10 33%	0 0%	20 67%	30 100%
Total	25 17%	31 21%	94 62%	150 100%

Source: Field Survey, 2015

The analyses in Table 4.17 indicate that 61% of those who had their capital below Ghc100, were in the region of Ghc1501 or more after the loan and 60% of those in the Ghc100- Ghc500 wealth bracket also moved to the region of Gc1501 or more. With 63% and 67% respectively for those in Ghc501-Ghc1000 and Ghc1001-Ghc 1500 categories moved to the region of Ghc1501 or more. The implication of this results is that there is a general rise in capital in all categories after the microfinance loan showing a micro analysis of the increase in wealth through the loan.

4.5.2 Contribution to tax Revenues

Tax seems to be the main source of revenue for the central government as well as the district assemblies and therefore contributes to the growth of the economy. Table 4.18 captures the levels of tax payments by respondents.

Table 4.18 Payment of Taxes before and after the Loan

Tax	Tax paid to the district assembly before the loan	Tax paid to the district assembly after the loan

None	Frequency	Percent	Frequency	Percent
	100	67	0	0
Below Ghc 100	50	33	118	79
Ghc 100 or more	0	0	32	21
Total	**150**	**100**	**150**	**100**

Source: Field Survey, 2015

From Table 4.18, it can be seen that 67% of the respondents were tax evaders before the loan and none of the respondents ran business without paying tax to the district assembly after the loan. For a tax brackets of below Ghc100, the percentage increased from 33% to 79% after the loan. With regard to a tax brackets of Ghc100 or more, no respondent was paying such amount as tax before the loan, but 21% of the respondents paid taxes of that amount per annum to the district assembly after the loan. What this means is that greater number of women small businesses pay tax in one way or the other to support the development of the district. This supports the position of Uzor, (2004) that SME's by revenue, contribute about 75% of all entrepreneurial activities and tax of which make up Nigeria's gross domestic product.

4.6 Challenges of Growth of Women Small Scale Enterprises

This sub section assesses the obstacles of women small enterprises in their quest to grow. The variables under consideration include: capital inadequacy, socio-cultural constraints, technological constraints and managerial incompetency. The detailed analyses of the responses of respondents are presented in Table 4.19.

Table 4.19 Challenges of Growth of Women's Small Businesses

Challenges	Yes		No	
	Frequency	Percent	Frequency	Percent
Can capital inadequacy negatively affect the ability of microfinance to influence the expansion of your business?	106	71%	44	29%

Can socio-cultural constraints negatively affect ability of microfinance to influence the expansion of your business?	124	83%	26	17%
Can technological constraints have negative effect on the ability of microfinance to influence the expansion of your business?	91	61%	59	39%
Has managerial incompetency a negative effect on the ability of microfinance to influence the expansion of your business?	130	87%	20	13%

Source: Field Survey, 2015

From Table 4.19, it can be inferred that 71% of the respondents held the view that capital inadequacy can affect the expansion of their businesses whiles 29% did not see any problem with capital inadequacy and running a business is not about capital. Those in the majority explained that without capital they will only work in the farm and will not think of starting a business not to talk of expanding it. The findings in this regard supported the positions of Osotimehin et al (2012), Carpenter (2001) and Lawson (2007) that lack of access to finance has been identified as one of the major constraints to small business growth. However, it contradicts that of Daniya, (2012).

On socio-cultural constraints, 83% agreed that the growth of their businesses is affected by cultural factors. They explained that the time to start and close business alone affects their sales levels just for cooking purposes. 17% did not see anything wrong with the cultural constraints.

With regard to technological constraints, 61% as against 39% held the position that technological constraints affects their business expansion. They explained that they do not even have mobile phones and those who have only know how to receive calls and cannot make calls as they cannot read, let alone the use of computers to access business information and to communicate with business partners. The findings confirms that of Dual et al (2002) that lack of ICT knowledge as one of the major challenges faced by SME's and this underlies the bases for inadequate information base.

In terms of managerial incompetency, 87% as against 13% claimed that managerial incompetency affects the expansion of their businesses. They explained that they would have been better managers of their businesses if they had gone to school. The findings here therefore supported that of King and McGrath (2002) that majority of those who run SME's are ordinary without educational background and hence they may not be well equipped to carry out managerial routines for their enterprises.

4.7 Interpretations of Ordinary Least Square (OLS) Results

A regression was run on the data collected to test the significance or otherwise of the independent variables on the dependent variable (sales). The select independent variables are age of entrepreneurs, educational level of respondents, the number of employees, the amount of loan received, training and age of business (years of existence). The regression results are presented in Table 4.20.

Table 4.20 Ordinary Least Square results

				Number of obs.	150
				F(6, 143)	80.61
Source	SS	Df	MS	Prob. > F	0.000
Model	260478	6	43413	R-Squared	0.772
Residual	77009.4	143	538.527	Adj. R-squared	0.762
Total	337487	149	2265.02	Root MSE	23.206

Sales	Coef.	Std. Err	T	P>t	[95% Conf. Interval]	
Age	-0.2048	0.1293	-1.58	0.116	-0.4605	0.0509
Edu	6.7022	1.6010	4.19	0.000	3.5376	9.8668
Nemployee	0.8553	1.5744	0.54	0.588	-2.2568	3.9675
Loanreceived	0.0267	0.0021	12.55	0.000	0.0225	0.0310

Yrsexist	1.4057	0.6554	2.14	0.034	0.1102	2.7012
Training	9.2228	1.8776	4.91	0.000	5.5114	12.9342
_cons	-15.5066	9.1793	-1.69	0.093	-33.6513	2.6382

Source: Field Survey, 2015

From Table 4.20, with probability value of 0.000 and R-Squared of 0.77 means that the independent (explanatory) variables jointly and significantly explained 77% variation of the dependent variable sales.

Loan receipt was also significant at 5% as well as 1% and with a coefficient of 0.0267, implies that an increase in loan size will increase sales by 0.0267. The expected sign is met in that sales level of women small businesses rises with loan size.

The main findings, discussions and conclusion are presented in chapter five.

CHAPTER FIVE

FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents summary of major findings of the research, conclusions and recommendations with respect to the objectives of the research. The objectives of the research are to assess the impact of microfinance on sales, employment and output levels of women's small scale businesses; the influence on the development of managerial and entrepreneurial skills of women business operators as well as examine the contributions of the women small businesses to the local economy and their challenges.

5.2 Summary of Major Findings

The findings are presented orderly in terms of outcomes on sales and employment, managerial skills development, contributions to development of local economy and challenges with regard to women small enterprise growth through microfinance.

5.2.1 Microfinance and outcomes of Sales, Employment and Output Levels of Women Small Businesses.

The outcomes of microfinance on sales and employment with regard to women small business growth in the Nanumba-North district are presented as follows:

1. The study revealed that microfinance enhances growth and expansion of women small businesses in the Nanumba-North district of the Northern region. Growth which is proxied by sales saw an increase after the receipt of the microfinance loan. The significant position of the F-statistic (0.000) gave credence to these findings.

2. It revealed also that despite the growth in terms of sales women small business operators still preferred higher amount of loans from the microfinance institutions than what they are currently, collecting as loans. Though, the amount of current loan received can significantly improve growth.
3. The findings also indicated that microfinance institutions consider mainly the ability of the client to pay back the loan by looking at their skills levels though, there are other variables like the size of the group and poverty levels.
4. As regards employment, the enterprises recorded increasing number of employees after the receipt of the loan, but the rise in employment was not significant to cause an increase in sales and hence the growth or expansion women's small businesses.

5. Years of existence or the age of the business is expected to decrease sales, but the results indicated that sale significantly rises with age of the business. This is so because majority of the businesses are below ten (10) years with very few old businesses.

6. The educational level of the women small scale business operators is expected to influence a rise in sales (growth) and this expectation has been met since sales significantly increases with education. Though, the results showed that those without education also experienced some increases in sales. The age of the respondent on the other hand did not meet the sign expectation, rather indicated a negative relationship with sales and hence decreases or slows down growth. This is however, insignificant and cannot be relied on for inferences.

5.2.2 Microfinance and the Development of Managerial Skills of Women Small Business Operators

The findings regarding the development of entrepreneurial and managerial skills of women entrepreneurs are presented as follows:

1. A large number of the women small business operators had business development training from their creditors at least once, whiles others had more than thrice. Training is expected to increase growth and this expectation was met as sales significantly improved with training.

2. Location of the business is an entrepreneurial decision and the results indicated that a number of women's small scale businesses were located in the population concentrated areas instead of the outskirts. This however makes a good business sense, though literature had it that majority are located in the scarcely populated areas.

5.2.3 Small Scale Business and the Development of the Local Economy The relevance of women small scale businesses to the development of the local economy are given as follows:

1. There was a rise in the capital levels of respondents after the loan as well as the expenditure levels. This increases the GDP of the local economy and consequently improves the welfare of people.
2. With regard to tax payments, almost all of respondents pay tax to the district assembly with none evading tax. This is a great contribution since the importance of tax to the local economy and the economy at large cannot be over-emphasized.

5.2.4 Challenges faced by Women Small Scale Business Operators in Growth

1. Majority of the respondents saw managerial incompetency as the major challenge in growing their businesses. Following managerial incompetency was socio-cultural constraints and then capital inadequacy with technological constraints as the least challenge. Thus a number of the respondents did not see any problem with capital due to the presence of the microfinance loans.

5.3 Conclusions

1. The study was set out to assess whether or not the increasing access of women small business entrepreneurs to microfinance loans in the Nanumba-North district has an impact in their business growth. The chain of objectives in addressing this problem included: to determine and examine the impact of microfinance on employment, sales and output levels; managerial and entrepreneurial skill development of women entrepreneurs; the contribution of

women's small businesses to the local economy and the challenges faced by women small businesses.

2. The data collection methods employed in the study to achieve the set objectives included both quantitative and qualitative methods such as survey questionnaires and interviews and in the end the general evaluation is that microfinance loans have helped to improve the growth of women's small businesses in the Nanumba-North district through improvements in sales and employment levels as well as entrepreneurial skills development.

3. Linking this to the conceptual framework, the growth levels exhibited the women's small businesses in the Nanumba-North district can be likened to "Gazelles" in the typology of SME's growth propounded by Simon N. and Lara G. (2005). The opportunities here are the loans whiles the business development skills obtained from training is the abilities. Also, in relation to the stage-model of the theories of small business growth, it can be concluded that most of the women's small businesses in the Nanumba-North district have graduated from sole proprietorship to small and medium scale businesses.

5.4 Recommendations

Even though the microfinance loans recorded some growth in women's small scale businesses in the Nanumba-North district, they still have some challenges and the following recommendations if implemented will make them more vibrant.

1. Since growth increases with education and the data showed that majority of the women were illiterate, it presupposes that the district has a high illiteracy rate and there is the need for the District Education Oversight Committee to consider enrolment derive for girls including non-formal education for women.

2. Though the loan amount has been able to improve sales or growth, the duration of the loan repayment was short for the businesses as most of them preferred monthly to dominant weekly payments. The period is short because of capitalization problems of the microfinance institutions. As a result the banks should merge their operations in order to solve the capitalization problem and increase the repayment duration.
3. For microfinance institutions to increase the recovery rate of their loans from clients, they should commit a lot of resources on training of the clients on business development skills since training can significantly improve growth of the business.

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APPENDICES

APPENDIX I

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

DEPARTMENT OF ECONIMICS

QUESTIONNAIRE ON THE ASSESSMENT OF THE GROWTH OF SMALL SCALE BUSINESS THROUGH ACCESS TO MICROFINANCE BY WOMEN GROUPS IN THE NANUMBA-NORTH DISTRICT.

The research is being done in partial fulfillment to the award of an Msc Economics from the KNUST. Confidentiality and Anonymity is assured.

Objectives

To assess the impact of microfinance on the growth of small scale businesses own by women

1. To evaluate the impact of microfinance on sales and employment level as small scale enterprises own by women
2. To examine the influence of microfinance on managerial and entrepreneurial skills of women entrepreneurs.
3. To assess the contribution of women small skill enterprises on the growth of local economy
4. To examine the challenges of women small skill businesses in the local economy of the Nanunba-North District

A. Bio Data

1. Age a) 15-25 yrs b) 26-35 yrs c) 36-45 yrs d) 46 and above
2. Educational level

   a) Basic b) Secondary c) Tertiary d) None

3. Marital status

   a) Married b) Single c) Widowed d) Separated/divorced

4. Type of business

   a) Trade b) Service c) Manufacturing d) Agric

B. Microfinance and employment, sales or output levels of women's small scale businesses.

5. What is the initial amount of loan received from microfinance institution?

   a) Less than Ghc300 b) Ghc300-600 c) Ghc601 Ghc1000 d) Gh c 1000 +

6. Which of the following loan range do you prefer in running your business?

   a) Gh c 100-300 b) Ghc 300-600 c) Gh c 601- Ghc 1000 d) Gh C 1000 +

7. In your view what is the main significant factor they consider in giving the loans?

   a) Entrepreneurial skills b) the size of the group c) level of education

   d) size of business e) Marital status.

8. How many years is your business in existence before the receipt of the loan?

   a) 1-5 yrs b) 6-10yrs c) 11 -15 d) 16 yrs and above

9. If the business is in existence, what is the source of capital?

a) self-financed b) inheritance c) family and friends

d) other financial institutions

10. For how long have you been receiving loans from the microfinance institutions?

    a) 2-5 yrs b) 6-19yrs c) 10-13yrs d) 14+ yrs

11. What is the major indicator do your creditors consider in giving increasing amount of loans?

    a) repayment rate b) sales level c) adequate record keeping d) attendance

12. How many employees did you employ before the loan?

    a) 1-2 b) 3 c) 4 d) 5 and above

13. How many employees do you employ now?

    a) 0 b) 1-2 c) 3-4 d) 5 and above

14. What is the terms for repayments of the loan?

    a) Daily b) weekly c) monthly d) semi-annually e) annually

15. Which of the following terms loan repayment is preferable and can help you expand your business?

    a) Daily b) weekly c) monthly d) semi-annually e) annually

16. How do you rate the level of interest on your loans as compared to commercial banks?

    a) the same b) higher c) lower d) undecided

17. Explain the effect of the interest rate on the profit level of your business.

………………………………………………………………………………………….

18. What was your average daily sales before the loan?

a) Less than Ghc 50 b) Ghc 50- Ghc 100 c) Ghc 101- Ghc 150 d) More than Ghc 150

19. What has been your average daily sales after the loan?

a) Less than Ghc 50 b) Ghc 50- Ghc 100 c) Ghc 101- Ghc 150 d) More than Ghc 150

20. Explain whether or not the amount of money given to you by the microfinance is sufficient to achieve the desired sales level of your business.

……………………………………………………………………………………………

21 What is has been the levels of your weekly expenditures before the loan?

a) Less than Ghc 50 b) Ghc 50- Ghc 100 c) Ghc 101- Ghc 150 d) More than Ghc 150

22 What is has been the levels of your weekly expenditures after the loan?

a) Less than Ghc 50 b) Ghc 50- Ghc 100 c) Ghc 101- Ghc 150 d) More than Ghc 150

C. Microfinance and the development of managerial and technical skills of women enterpreneurs.

23. How often are you given entrepreneurial training in the management of your business by the microfinance company in the last five years?

a) Once b) Two times c). Three and above d). Not at all

24. How often are you given training in ICT and advanced technology by the microfinance company in the last five years?

a) Once b) Two times c). Three and above d). Not at all

25. Where is your business located?

a) Mobile business b) Central part of town c) In market d) outskirts

26. What is the impact of your business location on your daily sales?

a) Less than Ghc 50 b) Ghc 50- Ghc 100 c) Ghc 101- Ghc 150 d) More than Ghc 150

D. Women's Small Scale Businesses and the Growth of the Local Economy

27. How many community members does your enterprise employ for the last five years?

a) 1- 5 b) 6- 10 c) 11- 15 d) 16 and above e) not at all

28. How much of tax do you pay to the district assembly within a year before the loan?

a) None b) Below Ghc100 c) Ghc 100 or more

29. How much of tax do you pay to district assembly within a year after the loan?

a) None b) Below Ghc100 c) Ghc 100 or more 30.

What was your capital level before the loan?

a) Below Ghc 100 b) Ghc100- Ghc500 c) Ghc600- Ghc1000 d) Ghc1001- Ghc1500 e) Ghc1501 and above.

31. What is your capital level now?

a) Below Ghc 100 b) Ghc100- Ghc500 c) Ghc600- Ghc1000 d) Ghc1001- Ghc1500 e) Ghc1501 and above.

G- Challenges of Growth of Women Small Scale Enterprises

32. Can capital inadequacy negatively affect the ability of microfinance to influence the expansion of your business?

a) Yes b) No

Explain your chice…………………………………………………………

33. Can socio-cultural constraints negatively affect ability of microfinance to influence the expansion of your business?

a) Yes b) No

Explain your chice……………………………………………………

34. Can technological constraints have negative effect on the ability of microfinance to influence the expansion of your business?

a) Yes b) No

Explain your chice………………………………………………………

35. Has managerial incompetency a negative affect o the ability of microfinance to influence the expansion of your business?

a) Yes b) No

Explain your chice…………………………………………………………

Thank you for your support in undertaking this important exercise

APPENDIX II

Interview Guide for Microfinance Officials

A- Economic and business expansion

-the indicators the bank considers in given loans to women

- the criteria use for giving increasing amount of loans

B- Microfinance and the development of entrepreneurial skills

-How often do you give training on ICT and entrepreneurial skills of your clients.

C- Challenges of operations of Microfinance

- Adequacy of funds
- Loan recovery rate
- Government policies on your operations

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