

**KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,
KUMASI**

COLLEGE OF ARTS AND SOCIAL SCIENCES SCHOOL OF BUSINESS

**MICRO CREDIT PRODUCTS AND SERVICES IN BEIGE CAPITAL AND
ENTREPRENUERSHIP DEVELOPMENT (AN ASSESSMENT)**

**By
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Kwame Nkrumah University of Science and Technology, in partial fulfillment for
the degree of
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DECLARATION

I hereby declare that this submission is my own work towards the Master of Business Administration (MBA) in Finance and that, to the best of my knowledge, it contains no material previously published by another person, nor material which has been accepted for the award of any other degree of the University, except where due acknowledgements have been made in the text.

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DEDICATION

I dedicate this thesis to my Dad, Mr. Bernard Bugre. Thank you for motivating me from start to finish.

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My first thanksgiving goes to God for showing me mercy and compassion to enrol and complete this course successfully, Father I am grateful.

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ABSTRACT

Over last two decades, microcredit became an important tool for alleviating poverty through entrepreneurial development, mostly amongst the less privileged in society. However the overall success of microcredit program depends not only on immediate alleviation of poverty but also the long-term sustainability of the financial institutions delivering microcredit services and the accumulation of assets through value addition of entrepreneurship businesses. The main objective of this study was to assess the impact of microcredit services on entrepreneurship development in Ghana; specifically, the study investigate the type of financial support services provided and its value addition on entrepreneurship businesses and challenges facing beneficiaries and microcredit service providers. The survey approach, through the use of structured questionnaire was used to collect the primary data from the branches of Beige Capital Savings and loans Limited in the Ashanti Region. Descriptive analysis was done to help investigate the objective set out to assess the microcredit product and services on entrepreneurship business development. It came up from the study that the type of financial support services provided by Beige Capital such as the loan product, deposit product, investment product etc are frequently provided with technical support services, sometimes. It was also revealed that customers have easy access to credit and these facilities are provided on time to meet the business needs of customers. This has helped to improve the business cycle of customers and added value to their working capital, and has helped in entrepreneurial development in general, irrespective of the challenges such as high interest rate on borrowing and administrative charges.

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CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND OF THE STUDY

This chapter provides an introduction to the entire study, the major issues highlighted in this chapter included issues such as the background of the study, statement of the problem, the research objectives outlined for the study, research questions guiding this study, justification or the rationale for the study, scope of the study, limitations to the study and the organization of the study.

One of the responses to the challenges of development in the developing countries is the encouragement of entrepreneurial development scheme at the nation's educational system at all levels (Olubunmi et al 2013). The belief of policy makers is that such decision will inculcate entrepreneurial spirit in the minds of people so as to prepare them for wealth creation through small scale enterprises in the economy, (Fasua, 2006).

Access to credit has been considered as one of the main problems that Entrepreneurs have to deal with in order to survive and keep growing (Peel & Wilson, 1996). An appropriate combination of access to credit, credit conditions, and adequate financial and operational policies, is the only way to deal with the complex problem of SMEs survival and growth.

It is widely recognized that financial institutions play an important role in supporting entrepreneurs who start innovative activities such as new businesses, (Karanja et al 2013).

The Financial Institutions often times do not provide diversified, affordable and dependable Financial Services to the active poor in a timely and competitive manner that would enable them to undertake and develop long term sustainable entrepreneurial activities in the economy. Therefore, most of the enterprises operate on a very small scale due to lack of financial assistance, business acumen and collateral security to obtain various credit facilities (Okunlola James Olaniyi, 2011).

1.1 STATEMENT OF THE PROBLEM

The 2000 Population and Housing Census conducted in Ghana revealed that approximately 80% of the working population is found in the private informal sector in small and medium scale businesses operating as entrepreneurs in city centers and in rural communities. This group is faced with inadequate access to credit facilities, and this constrain impedes the development and growth of the SME sector in the economy as a whole.

This problem of insufficient funds for entrepreneurship growth and development was also highlighted by the IMF report on Ghana in May 2003. The IMF outlined insufficient credit as a “weaknesses in the financial sector in the country that restrict financing opportunities for productive private investment initiative and business expansion in Ghana.”

Having access to credit at relatively cheaper interest rate has been considered as one of the main problems that entrepreneurs have to deal with in order to survive and maintain a sustainable growth rate. An appropriate combination of access to credit, credit

conditions, and adequate financial and operational policies is the only way to deal with the complex problem of SME survival and growth (Namusonge et al 2013).

Small-scale enterprises have become important contributors to the Ghanaian economy. The sectors contribution to the national objective of creating employment opportunities for the youth cannot be over emphasized. Yet the majority of entrepreneurs in this sector are not considered as credit-worthy by most formal credit institutions. This has made it imperative for some NGOs to come to the aid of this ever increasing number of micro-enterprise activities in the economy, most formal institutions still deny these enterprises access to their services due to their high risk characteristics compared to the large scale businesses.

The issue and problems limiting SME acquisition of financial services include lack of tangible collateral security, and low level of formal education coupled with inappropriate legal and regulatory framework, and limited access to formal financing due to poor and insufficient capacity to deliver financial services to SMEs (ROK, 2005).

These are but a few problems militating against entrepreneurship growth and development in the economy. The study therefore sets out to assess microcredit product and services available to SMEs in the face of all these challenges outlined above and the influence of these product and services on entrepreneurship development in Ghana. The assumption for the study was that credit availability to entrepreneurs influence, determines and directs the growth of and development of entrepreneurship businesses in the Ghanaian economy.

1.2 RESEARCH OBJECTIVES

1.2.1 General Objective

The main objective of this study was to access the microcredit products and service of BEIGE Capital and Entrepreneurship development in Ghana

1.2.2 Specific Objectives:

- i. To assess the type of financial support or Products received from BEIGE Capital Saving and loans Limited
- ii. To assess the level of customer satisfaction and perception with respect to financial products available for customers
- iii. To assess value added to customers businesses after subscribing to BEIGE Capital microcredit facilities.
- iv. To discuss the challenges facing microfinance institutions in financial intermediation on the market.

1.3 RESEARCH QUESTIONS

With regard to the study objectives, the researcher aims to find answers to the following questions:

- i. What are some of the support systems or products in place to assist efficient application of microcredit by entrepreneurs?
- ii. What is the level of satisfaction of customers and perceptions with respect to the services received from microfinance institutions?
- iii. Has the level of business operations improved after accessing the microcredit from BEIGE Capital?

- iv. What are some of the challenges encountered in an attempt to offer quality products service to customers?

1.4 JUSTIFICATION OF THE STUDY

The private sector is touted as the engine of economic growth in all most market economies including Ghana and most governments in an attempt to bring out policies and programmes to improve on the living standard of the people in the state, channel their policies through microcredit to the poor and marginalized individuals and groups of individuals in society.

This study will provide significant insight to the customers /entrepreneurs as individuals, the microfinance institutions as organizations, the stakeholders of the financial sector regulatory framework in Ghana and the economy as a whole, with respect to the mechanisms appropriate to improve upon the operations of MFIs, accessibility and efficiency of application of microcredit to grow individual SMEs in the country.

It will help customers to demand high quality service in their attempt to access financial services with these intermediaries.

Also, the study provides significant guidelines to other stakeholders in the provision of financial services and regulatory framework, with the major responsibility on the government to help in capacity expansion of micro credit facilities and infrastructure in the country and also help supervise the activities of financial intermediaries to avoid customer exploitation and other frauds in the credit market.

The problem of information asymmetry which creates imperfect market conditions for agents on the financial market will be reduced, if not completely eliminated as a result of the study recommendations made public for policy decisions to improve accessibility and efficiency of credit application to SMEs growth and development in the economy.

The study will generate the research based knowledge and evidence of the effect of microcredit on entrepreneurship development and serve as an information tool, a competitive tool and a knowledge based material for reference to help authorities to make informed decision to help the growth and development in the Micro financial sector in Ghana.

1.5 THE SCOPE OF THE STUDY

The study covered both customers and management of the selected micro financial intermediary. Again, more attention was given to microcredit services to SMEs, how access to credit from micro financial institutions has improved over the years , reducing the cost of transaction and risk levels of customers , the turnaround time, building trust and ensuring security in the microfinance services, customers trust and satisfaction; the quality of service provided, the rights and responsibilities of both management and customers to ensure smooth operations in the institutions, special advisory services to clients in their credit applications, the challenges faced in with demand and supply of microcredit etc.

1.6 RESEARCH METHODOLOGY OVERVIEW

This study adopted a survey research design. Sekeran (2000) states that surveys are useful and powerful in finding answers to research questions, but they can do more harm than good if not correctly targeted. Survey research design helped to collect both primary data since the population was scattered in different geographical locations. Qualitative research seeks to describe and analyze the behavior and culture of humans and their groups from the point of view of those being studied (Orodho & Kombo 2002: Kombo & Tromp, 2006).

1.6.1 Sources of Data

Basically cross sectional data was used for the analysis of the problem stated above. Structured Questionnaires were used to collect the data from respondents (customers and management) of BEIGE Capital (A Savings and Loans Intermediary in Ghana) in the Ashanti Region.

1.7 LIMITATIONS OF THE STUDY

This area of the research tries to establish problems that could be faced during the research and finding their solutions. More problems could be encountered by the researcher on how to get the target population. With most of them being management staff of financial institutions and traders, it may be difficult to come in contact with them; making the interview and questionnaire administration very stressful.

Language barrier is another limitation that is likely to be encountered by the researcher on the field. With some customers of financial institutions being illiterates, it will become difficult administering questionnaire that have been designed in English. This

means the interviewer has to translate the questions into the local language to the respondents and write the responses in English.

If entrepreneurs think they may have a direct financial benefit from this study it may influence their responses which may lead to a biased results from the study and so all mechanisms will be but in place to disabuse the minds of respondents of such benefits. The cost of the research is yet another limitation faced. Since the researcher is a student, financing the research is a bit of a challenge. In view of these anticipated limitations, the research will be conducted in such a manner that the end results (findings and conclusions) will be insulated from the negative influence of these challenges.

1.8 ORGANIZATION OF THE STUDY

The study is organized into five chapters, with each chapter consisting of sub topics. Chapter one consist of; introduction or background of the study, statement of the problems of the study, objectives of the study, research questionnaires, justification and significant of the study, scope of the study, research methodology, limitation of the study and lastly the organization of the study. Chapter two basically looks at existing literature review on the subject matter. It is made of sub topics as; literature on core concepts, related topics, empirical review and conceptual frame work of the area of study of microcredit to entrepreneurs in Ghana. Chapter three is basically about the methodology used in conducting the research. Chapter four deals with data analysis and discussion of the study. Chapter five addresses conclusion and policy recommendations from the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter is divided into two main sections. The first section takes into account theories related to the microcredit and entrepreneurial development with their definitions, and concepts. The second section deals with the empirical review of literatures related to the study.

2.1 THEORETICAL REVEIW

2.1.1 Definition and Concepts

For more than 30 years microfinance has been portrayed as a key policy and program intervention for poverty reduction and ‘bottom-up’ local economic and social development. Microfinance (more accurately microcredit, but in practice the terms are interchangeable) is the provision of small loans to the poor to help them establish or expand an income-generating activity, and thereby escape from poverty, (Bateman, 2011).

The microfinance movement began in Bangladesh in the late 1970s, spreading rapidly to other developing countries. Most early microfinance institutions (MFIs), including Yunus’s own iconic Grameen Bank, relied on funding from government and international donors, justified by MFI claims that they were reducing poverty, unemployment and deprivation,(Ahmad. and Hossain1984).

2.1.2 Accessibility and Utilization of Microcredit

Access to finance and use of financial services do not mean the same thing. Whereas “access” refers to the availability of a supply of reasonable quality financial services, “use” refers to the actual consumption of financial services. In a standard demand–supply framework, it can be said that access refers to supply, whereas use is the intersection of the supply and demand schedules.

2.2 The Microcredit Concept

Over last two decades, micro credit became an important tool for alleviating poverty in developing economies (Khandkar and Chowdhury 1996). The overall success of micro credit program depends not only on immediate alleviation of poverty but also on long-term sustainability and long-term sustainability depends on accumulation assets (Chowdhury 2004). In Bangladesh, for example, Grameen Bank first started micro credit program in 1976 as a pilot project. Now, more than 3000 non-government organizations (NGOs), national commercial banks and specialized financial institutions operate micro credit program in Bangladesh. It is proved as a strong mean to alleviate poverty through social and economic empowerment of the rural poor women (Puhazhendhi and Badatya 2002).

It is a group savings program, which helps the rural poor women to bring economic security in their lives (Secretary General, UN, 1998). Micro credit is a structured program under which micro level loans are given to poor people especially to the poor rural women without collateral security. It is a group-based and intensively supervised loan program, (Sharmina Afrin et al 2008). The uniqueness of this loan program is that there is no requirement of collateral security. Anybody can apply for this credit and is

eligible to receive credit. The purpose of the micro credit program is to give the loans to the poor people for self-employment that generate income, allow them to care for themselves and their family members (Sankaran 2005).

There are three C's of micro credit program such as, character, capacity and capital (Yunus 2003). Character is explained as the historical records of the borrowers such as, how a borrower has handled his past debt obligations, what about his or her background, honesty and reliability to pay the credit etc. Capacity is termed as how much debt a borrower can handle easily, what about his or her income streams etc. Capital means current available assets of the borrower, e.g., borrower's real estate, savings and investment that would help him or her to repay the loan in time. Micro credit program has significant impact on income and economic security on the socioeconomic lives of rural women. It increases income and helps the women to spend more for the development of their lives and families. It helps to increase household income that improves the consumption patterns and lifestyles of the rural families (Hossain, et. al., 1992; Navajas, et. al., 2000). The access to the micro credit program of rural women helps to improve lifestyle through economic self-sufficiency (Apte, 1988). It is the single most important need of destitute women in Bangladesh (Apte, 1988). Micro credit encourages women borrowers to save from the profits of their projects for the future, which is an important source of capital accumulation for the economy as well. Increased income indirectly improves the level of education of the borrowers and the awareness about consumption and sanitation needs. The improvement of education among the rural borrowers helps to be more conscious about the health and the future of their next generation. Credit programs increase productive resources of rural families and their housing conditions, which provide economic security for the borrowers.

The development of rural entrepreneurship depends on socioeconomic development of the people. Experts opined that the essentials to develop rural entrepreneurship are the development of capabilities of the borrowers. Once the rural women are self-sufficient, they will be able to initiate their own projects and consequently it will help them to stand on their own feet. To develop rural entrepreneurship in a developing country like Bangladesh, three main activities could be performed such as, stimulatory activities, supporting activities, and sustaining activities (Rahman, 1979; Rahman 1999, Katz, 1991a). These activities are partially performed by the micro credit providers in region of their operations.

Bass, Jacqueline. Katrena Henderson, and Weidemann (2000) listed the following issues in developing, implementing or monitoring programs. While a number of these issues deal with poverty impact and the efficacy of microcredit as a poverty intervention tool, many are focused on larger economic issues questions raised with respect to the latter can be equally asked of all poverty interventions. Questions relating to poverty include:

Sustainability. Most observers believe that for microcredit to be successful, they must be self- sustaining, rather than subsidized by government or donor organizations, at least until they mature. If not self-sustaining, they become like other social programs.

Performance. In an age of reinventing government, management wants to keep programs on course, while effectively responding to evolving markets and client needs. Yet, because they tend to operate on a shoestring, often with staff that may be inexperienced in finance, programs may run inefficiently and perhaps fail. Clearly, performance and efficiency of operations are issues of concern to all programs.

Impact Assessment. Because government, international donor organizations, and charitable foundations subsidize microcredit programs, holding them accountable has

become mandatory. Funders want to know whether programs impacted poor participants, financial institutions and economies as expected.

Economic Environment. In many parts of the world, microcredit programs help participants faced not only with problems common to small business everywhere, but also additional worries--economic crisis, war, political instability or transition, and natural disasters.

High Transaction Costs (i.e. group formation, training etc.), especially in rural areas that impacts on the self-sufficiency and sustainability of bank operations. High Interest Rates for loans have been seen by some as increasing the likelihood of loan default. Others view high rates as one means to hasten self-sufficiency. Others, such as Buss (1999) observe that subsidized microcredit programs can offer lower-than going rates.

Non-Business Use. Money is fungible, and there are resource allocation decisions (good and bad) that will divert money away from the business. The most common of these are loan substitution, where the loan replaces existing working capital from the business, and releases this for other expenditure, and loan recycling, where the initialize in business value following the loan is gradually eroded away over time (unpublished report by SEF). In addition, Todd (1996) documents the use of microcredit loans for the purchase of land in Bangladesh. Rental of purchased land appears to derive improved economic benefits relative to marginal small business, which can be used for subsequent reinvestment or additional consumption. It also circumvents land reform issues. The microcredit and microenterprise development projects are going to the “the” significant component of the 21st century’s development initiatives in both poor and industrialized countries.”(Barbara Haley, 2002).Nonetheless, Rahman points out a number of issues with relationships in the single village he studied which had Grameen Bank operations. For example: “Out of 120 women borrowers, 18% claim a decrease and 70% emphasize

an increase in violence and aggressive behavior in the household because of their involvement with the Bank” (Rahman, H. Z. 1995). “In all five loan centers in the study village, I discovered that one or two influential members had real control over the decision making process of the center ... Perpetuation of such power relations in the loan centers is contradictory to Grameen Bank ideology” (Hossain, M. 1988) “The figure shows that men are users [persons who control and use the loan and arrange for installments] of more than 60% of women’s loans. The study also shows that approx. 78% of total loans approved in the village are actually used for different purposes than sanctioned by the project”. Rahman attributes these problems to a “gulf between the ideology and vision” but does not offer specific remedies for Bank practices in the village.

2.3 Microfinance: A Developmental Tool

In developing countries, the poor have innovative idea for business, even as a local/simple product manufacturer, but they lack financial strength to fully implement their ideas. This results to low economic activity in developing countries. The situation makes the poverty level in these countries to be increasing at alarming rate. Generally, financial services cover savings and credit activities and this is the same concept about MFIs. But according Ledgerwood (1997), MFIs work for general financial services, they provide insurance and repayment services to their clients. However, the important aspect of MFIs is not only financial intermediation but also; they equally provide social intermediation and social services to their customers. Social intermediation and social services comprises activities such as trainings, management development and financial literacy activities which will later lead to entrepreneurship development. Furthermore, many MFIs, organize workshops where the experienced people guide others, give useful

suggestions, ups and other tactics or strategies for their business. Therefore, microfinance is combining financial services with social services.

Although, the general banking system did not include social services in its operation; therefore, microfinance is not simply a banking system but a development tool. The following are the discussion about different services provide by MFIs.

2.4 Financial Intermediation

In the past, the problems of SMEs, particularly, in developing countries, was blamed on lacked access to financial products and services. This phenomenon led to an extensive research on the supply of funds with substantial attention on bottle necks constraining the supply of banking and financial services, (Andoh et al 2011). The results of most of these research revealed that, the SME market was perceived by banks and financial institution as risky, costly, and difficult to serve With the advances in information and communication technology, the cost differential of serving poor customers has fallen (United Nations, 2006) and financial institutions now perceive significant opportunities in the SME sector.

This is the primary objective of MFIs because without fund, social intermediation cannot be achieved. The poor face barriers to access financial institutions. MFIs, in this regard, become a larder to fund availability and essential poverty alleviation tool, health care and education literacy. MFIs are providing several financial services which include credits, savings, insurance, credit cards, and payment services; however, it is not necessary that every MFIs should facilitate their customers with all these services, but MFIs can perform any of these services or engage in all. This largely depends on the objectives of the microfinance bank, its demand as well as the institutional structure.

2.5 Social Intermediation

Social intermediation is the process by which human and social capitals are built by sustainable financial intermediation for the poor. It covers the issues of group formation, leadership training and cooperative learning. Social intermediation is the secondary role of MFIs for borrowers. Development of social capital however, forms the basic ingredient of sustainable development in the poor's life and society as a whole. According to Ismailov and Zahid (2008), social capital is actually linked between clients of a group and multiple groups and between MFIs and borrowers. These links are established on the basis of strong foundation of trust and unity. The foundation will increase the ratio of social capital thereby increasing the business activities among members, and financial transactions between MFIs and borrowers. Social capital can primarily be developed through group activities. In group social intermediation, activities are carried out within the group combining external efforts so as to develop institutional capital and human resources. Most of the members of the group reside in remote areas, with less education and idea about business and financial transaction. Therefore, MFIs harmonize the borrowers towards the development of solid networks. They train borrowers how to keep record, book keeping, and accounting, train their clients about business environment and bargaining skills.

2.6 Entrepreneurship Development Services

Microfinance is an emerging tool for economic development. It provides technical support to group or individual in startup of a business, development of manufacturing ideas and maturing the skills. It has gained a prominent role in some developed and developing countries. Although, most research on micro financing is based on the issue of poverty alleviation and empowering the poor, nonetheless, there is no way, this will

not lead to entrepreneurship development. However, there are two types of microfinance borrowers: micro borrower and micro entrepreneur. Micro borrower possesses the characteristic of capitalist that is aimed to maximize profit in transaction.

So micro borrower get loans from MFIs; after paying back, they will still get finances but with the motive of generating profit without any innovation (Oshitola, 2012). On the other hand, micro entrepreneur obtain loan to finance their business and brings innovation, creativity and doing different things all together from others, (Oshitola, 2012).

2.7 Social Services

Poverty can be addressed by financing the poor for productive activities which give results to life necessities. The poor need more than microfinance to address the problems of poverty and accessibility to other life needs like food, shelter, health, self-esteem, family planning, and education, social support network, etc. Therefore, MFIs play a productive role on the life of the poor by offering financial services with supportive services; creditably play an important role in sustainable human development and livelihood of the poor.

2.8 The Clients of Microfinance

Typical microfinance clients are low-income persons that do not have access to formal financial institutions. Microfinance clients are typically self-employed, often household-based entrepreneurs. In rural areas, they are usually small farmers and others who are engaged in small income-generating activities such as food processing and petty trade. In urban areas, microfinance activities are more diverse and include shopkeepers, service

providers, artisans, street vendors, etc. Microfinance clients are poor and vulnerable non-poor who have a relatively stable source of income (Ehingiamuse, 2008).

Women constitute greater proportion of client base of most microfinance providers. There are number of explanations and opinions for this disproportionate representation of women in client base of most microfinance institutions. Many practitioners are of the opinion that female clients exhibits better credit discipline than their male counterparts therefore microfinance institution seek them, and also it is believed women could be easily intimidated to comply with repayment undertaking (Ehingiamuse, 2008).

Experience shows that microfinance can help the poor to increase income, build viable businesses, and reduce their vulnerability to external shocks. It can also be a powerful instrument for self-empowerment by enabling the poor, especially women, to become economic agents of change (Adeyemi, 2008). By providing access to financial services, microfinance plays an important role in the fight against the many aspects of poverty (Adeyemi, 2008). For instance, income generation from a business helps not only the expansion of the business activity but also contributes to household income and its attendant benefits on food security, children's education, etc. Moreover, for women, who in many contexts are secluded from public space, transacting with formal institutions can also build confidence and empowerment.

Recent research has revealed the extent to which individuals around the poverty line are vulnerable to shocks such as illness of a wage earner, weather, theft, or other such events. These shocks produce a huge claim on the limited financial resources of the family unit, and absent effective financial services can drive a family so much deeper into poverty that it can take years to recover.

Microfinance increasingly refers to a host of financial services savings, loans, insurance, remittances from abroad, and other products. It is hard to imagine that there would be any family in the world today for which some type of formal financial service could not be designed and made useful. Microfinance serves best those who have identified an economic opportunity and who are in a position to capitalize on that opportunity if they are provided with a small amount of ready cash.

Thus, those poor who work in stable or growing economies, who have demonstrated an ability to undertake the proposed activities in an entrepreneurial manner, and who have demonstrated a commitment to repay their debts (instead of feeling that the credit represents some form of social re-vindication), are the best candidates for microcredit.

2.9 EMPIRICAL REVIEW

Francis Kwaw Andoh, and Jacob Nunoo (2011) carried out a research on the topic “Sustaining Small and Medium Enterprises through Financial Service Utilization: Does Financial Literacy Matter?” The main objective of the study was to estimate the relationship between financial literacy and microfinance service utilization in Ghana. This paper used a direct measure of financial knowledge to empirically investigate the linkage between financial literacy and utilization of financial services by SMEs. However, since people’s level of knowledge can improve through utilization of financial service, the paper establishes a bi-causality problem. In the analysis, two equations were estimated: (1) financial literacy level, and (2) utilization of financial service which includes financial literacy as an endogenous variable. The equation determining the level of financial literacy was estimated using the OLS while the equation for the utilization of financial service was estimated using logistic regression. Overall, the results show that

there was modest level of financial literacy among small and medium entrepreneurs in Ghana. Moreover, it was discovered that the better and more financially literate entrepreneurs were more likely to utilize financial service. The most commonly utilized financial service was operating a bank account. This has important policy implication. Finally, the instrument for financial literacy, recipient of financial education, also had positive relationship with utilization of financial service.

Sharmina Afrin, et al (2008), conducted a study on the topic “A Multivariate Model of Micro Credit and Rural Women Entrepreneurship Development in Bangladesh” this paper aimed at identifying the factors related to the development of entrepreneurship among the rural women borrowers through micro credit programs. A multivariate analysis technique like Factor Analysis was conducted to identify the entrepreneurship development related factors. Structural equation modeling was used to develop a model of micro credit program and the development of rural women entrepreneurship in Bangladesh. Results show that the financial management skills and the group identity of the women borrowers have significant relationship with the development of rural women entrepreneurship in Bangladesh. The experience from the parent’s family of the borrowers and the option limit may also lead to the rural women borrowers to be entrepreneurial.

Akingunola R. O, Adekunle Olusegun A., Adegbesan Kehinde J. (2013) also conducted their study on the topic” Microfinance Banks and Entrepreneurship Development in Nigeria: A Case of OgunState “The survey research design was adopted and data collected through questionnaires. The impact of microfinance on entrepreneurship development in Nigeria was analyzed using the Ordinary least squares (OLS) regression

method. The study revealed the existence of positive relationship between microfinance and entrepreneurship development in Nigeria. It further revealed that microfinance contribute to entrepreneurial activities that can lead to sustainable development in Nigeria. The findings of this study show that microfinance institutions go a long way in the determination of the level of entrepreneurial productivity and development in the Nigerian economy. In order to enhance entrepreneurship this is a potent instrument of activating the economic growth in developing countries, job creation, and wealth creation, poverty eradication, innovations, and its related welfare effects by microfinance, the study recommended that in order to enable the beneficiaries of micro finance schemes to fully appreciate the utility of the facility, the monetary authority (CBN) must continue to appraise the credit delivery channels and formulate policies that would facilitate the delivery of the facilities to the rural communities. Microfinance institutions need to put in more effort in financing entrepreneurial activities that can promote economic growth accessible to the poor, reform of the legal system to offer more protection to investors and creditors and also establishment of credit information exchange mechanism that would track all borrowings and repayments in the banking system no matter the size.

In 2013, Alalade Yimka Samson et al did similar research in Nigeria on the topic “Microfinance Bank as a Catalyst for Entrepreneurship Development in Nigeria: Evidence from Ogun State” This paper examined the relationship and causality between microfinance bank operations and Entrepreneurship development in Ogun State, Nigeria. Survey research design was adopted and data collected through financial statement of some selected microfinance bank operators within ogun state and the use of questionnaires to collect data from a sample of 20 entrepreneurs from each of the four

zones in Ogun State which are Ijebu, Egba, Yewa and Remo zones. The impact of microfinance bank operations and Entrepreneurship development in Ogun State, Nigeria was analyzed using the regression analysis method. The study revealed that there is no significant impact of microfinance institution operations on entrepreneurial development in Ogun State. It has been proved that the capitals of these banks are not adequate and there are high incidences of non-performing loans. The capital of these banks is low and because of this; some of these banks have actually gone down. If their capital are adequate and they are liquid to be able to meet obligations as at when due, then microfinance bank operations would enhance the future development of entrepreneurship assuming that the policy objectives are followed. It was also found out that there is no significant difference between entrepreneurs who use microfinance banks in terms of loan and advances and those who do not. This however was due to the fact that most of the entrepreneurs do not even have access to loans and advances in the microfinance banks. It was found out that majority of the entrepreneurs who are SME owners capitalized mostly on personal income and loans from family and friends and not from the microfinance bank institutions because they could not provide collateral assets requested for by these microfinance banks which negates what is in their policy and objectives. The study recommended that Government should find an avenue for creation of awareness on how entrepreneurs can benefit from loans and monitors the microfinance banks closely to ensure disbursement of loans and grants to entrepreneurs. Entrepreneurs should equally endeavor not to divert loans given to them by microfinance institutions.

Hastings and Tejeda-Ashton (2008) examined the links between investor characteristics such as financial literacy, information format, and investment choice using data collected

from a survey and field experiment in Mexico's privatized social security system. They found that while many participants in the system were well informed about their choices, few had experience investing in financial assets such as stocks, bonds, or mutual funds outside of their mandatory savings and retirement account. In addition, they showed that financial literate respondents placed much higher importance on fees relative to brand name when selecting funds. Testing the theories of low demand for financial services in emerging markets, Cole, Sampson and Zia (2009) combined novel survey evidence from Indonesia and India with a field experiment and found a strong correlation between financial literacy and behavior. However, a financial education program had a modest effect, increasing demand for bank accounts only for those with limited education or financial literacy. The study also demonstrated that prices matter both for opening of bank accounts and for savings, and that, individuals who opened bank accounts in response to incentives tended to keep them open for the long term.

Rooij, Bank and Lusardi (2007) show that one important determinant of stock market participation that needs to be incorporated in our theoretical and empirical work is financial literacy. Lack of understanding of economics and finance is a significant deterrent to stock ownership. Other variables that have been found to influence financial service utilization are income, as well as education (Bertaut and Starr-McCluer, 2001)

Lusardi and Mitchell (2006, 2007) reveal that those who display low literacy are less likely to plan for retirement and also accumulate much less wealth. It also find that among older adults, those who displayed better financial knowledge were more likely to plan, to succeed in planning, and to invest in complex assets either at the micro or macro level. (see also Hilgert, Hogarth and Beverly (2003).

Hilgert, Hogarth and Beverley (2003) find that individuals with more financial knowledge are more likely to engage in a wide range of recommended financial practices, while Lusardi and Mitchell (2006, 2007a). Similarly, Stango and Zinman (2007) show that those who are not able to correctly calculate interest rates out of a stream of payments end up borrowing more and accumulating lower amounts of wealth while Bayer et al., (1996) and Bernheim (2003) suggest that workplace financial education initiatives increased participation in savings plans, while financial education mandates in high school significantly increased adult propensity to save.

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

The methodology is the systematic and theoretical analysis of the methods applied to a field of study, which comprises the theoretical analysis of the body of methods and principles associated with a branch of knowledge. Methodology encompasses concepts such as paradigm, theoretical model, phases and quantitative or qualitative technique adopted for a particular study or research; (Irny, and Rose, 2005) .This chapter looks at the methods used to collect data as well as the analyses of the data that will be received from the survey which will enable the study achieve the set objectives. It also takes into account the research design, sampling techniques, sample size and all data collection instruments adopted for the study as well as some ethical considerations in relation to the study and background of the area of the microfinance institution.

3.1 Research Design

Research design is the framework that has been created to seek answers to research questions set for the study. It is said to be the structure of the research, that is, a research design is the "blue print" of the study, (Muaz 2013). The researcher describes the qualitative approach adopted for this study. Qualitative approach was adopted to investigate the effect of microcredit of entrepreneurial development in Ghana.

3.2 Population and Sampling Procedure

Population in statistics includes all members of a defined group that a research studies or collects information on for data driven decisions. While sample is a scientifically drawn group that actually possesses the same characteristics as the population under study.

The population of this study consists of both BEIGE Capital management staff and customers from the Ashanti Region. The response of the customers was used to investigate the types microcredit product and services available and its impact on entrepreneurial development in Ghana.

The sampling technique adopted for the purpose of the study was a purposive sampling method. This method is not probabilistic, not all the management staff and customers of BEIGE Capital stand equal chance of being selected or sampled to respond to the questionnaires administered for the purpose of this study. In all 200 individuals and groups of individuals were sampled for this study. This was made up of 50 staff members of BEIGE Capital and 150 individuals and groups customers who have benefited from the microcredit facilities of BEIGE Capital. These individuals or groups of individual were identified through the records and financial statements available with the Institution.

3.3 Sources of Data

Basically, Primary source of data was used for the study and data was collected with questionnaires. This has the advantage of yielding better interpretation, here, targeted issues are addressed. Efficient spending for information, decency of data, addresses specific research issues, greater control, etc. (Mysore et al, 2015).The individual customers and staffs of BEIGE Capital were interviewed for the primary sources of data.

However, secondary sources of data including recent publications of financial activities of microfinance institutions and academic journals were used as literature, reviewed for the study.

3.4 Data Collection Instruments

The data collection instrument used for the study was the survey method. This is because surveys represent the most commonly used instrument in data collection in the social sciences and as informed by literature reviewed for the study. In general, surveys are methods of data collection in which information is gathered through questioning, face to face interview, personal observations and questionnaire administration.

3.5 Questionnaire

They are prepared set of questions used to obtain information from a respondent. Studies have shown that effectiveness of questionnaire can generally be improved by following some well conventional guidelines and using simple and unambiguous language as question items. This may also relates to layout, length and question order. In the survey, the Likert-type- scale (Rensis Likert August 1903–3 September 1981) technique was used in the formulation of the questionnaires to elicit information needed for the study.

The questionnaires designed for this study basically contained closed-ended questions with options for responses provided for the respondents to choose from. Structured questionnaires were used to elicit relevant information from the respondents at BEIGE Capital Savings and Loans Limited in the Ashanti Region.

3.6 Interviews

An interview is a conversation between two or more people where questions are asked by the interviewer to elicit facts or statements from the interviewee.

The type of interview conducted for the study was a face-to-face interview, which was one-on-one. The interview was generally conducted around the research objectives of the study; the aim was to obtain as much information as possible for the study. The information varied from one respondent to the other across the customer system of BEIGE Capital Savings and Loans Limited in Ashanti region of Ghana with specific reference point to Kumasi Metropolis and other municipalities in the region.

3.7 Reliability and Validity

Reliability is the degree to which an assessment tool produces stable and consistent results.(while Validity refers to how well a test measures what it is purported to measure, (Phelan et al ,2005);Sampling Validity(similar to content validity) ensures that the measure covers the broader spectrum within the topic under study. The study was determined to produce an accurate data that will help to produce a research which reflects the true situation on the ground and give more accurate empirical evidence from the study. For this reason, the study tried as much as possible to ascertain the reliability and validity of the data collected for analysis by making sure data collected is from with long standing relationship and rich experience from Beige Capital.

For reliability of the work, the researcher made sure that the information obtained from these customers and staff of BEIGE Capital through the interview was cross-checked with that on the institution's website, brochures and other financial journals relating to this topic under consideration. Data obtained were cleaned by sorting and ordering of the

questionnaires with special codes for easy identification to ensure a systematic analysis of the information gathered; inappropriate handling of data can affect analysis procedure and generate misleading results for the study and wrong conclusions drawn from the study.

Again, the information from clients was also double-checked by conducting informal interviews with some clients of the MFI who were not given questionnaires to answer. Before the interview was conducted, the researcher establishes a good rapport with some of the offices of BEIGE Capital by visiting them on few occasions to ask few informal questions on the research work. As a result the researcher enjoyed good co-operation from the respondents.

In terms of validity of the study, the purpose and the nature of the questions administered directly assess the issues raised in the research questions. The interview was conducted at the time the customers and staff members were less busy in order to enjoy the fullest cooperation from respondents.

The website of the financial reports and brochures were consulted to confirm some of the information given by the staff through the interview conducted. When gathering information from our respondents, the researcher made sure that data was verified from different sources to ascertain the credibility of the gathered information.

3.8 Data Analysis

This refers to the process of inspecting, cleaning, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions, and supporting decision-making, (Adèr, H.J. 2008).

In relation to the use of primary data for estimation, SPSS 16 version was used to estimate the descriptive information of the sampled population and the estimations analyzed with charts, frequencies and various percentage points estimated from the information gathered.

3.9 Ethical Considerations

Ethics is the appropriateness of your behaviour in relation to the right of those who become the subject of or are affected by your work. The research design should not subject the research population to embarrassment, harm or other material disadvantage (Saunders et al, 2009). Data and information collected from the BEIGE Capital Savings and Loans Limited in Ghana for this study was kept confidential and was used only for academic purposes. Respondents were informed of the exact purpose for which the data was being collected and were allowed to participate willingly without any coercion. The study/survey made sure that no respondent was discriminated against on grounds of gender, religion, ethnicity or race, social status, political affiliation, health status or education level etc.

The identities of respondents was protected for ethical reasons and no specific information or data was associated with specific respondents or personal opinions of individuals and the researcher finally remains committed to ensuring that the appropriate

research reporting standards are strictly adhered to, in order to avoid any biases in this study.

3.10 Background of the study area

The Kumasi metropolis is situated in the transitional forest zone and is about 270km north of Accra which is the capital of Ghana. It is found between longitude 1.30o – 1.35o and between latitude 6.35o – 6.40o, an elevation which ranges between 250 – 300 meters above sea level with an area of about 254 square kilometers. Its central location makes it attractive for many people to migrate to. The metropolis shares boundaries with Atwima District to the west, Ejisu-Juaben Municipal to the east, Kwabre East District to the north and the south with Bosomtwe. Its green environment has accorded it the accolade of being the “Garden City of West Africa” (Ministry of Local Government and Rural Development and Moks Publications & Media Services, 2006).

Beginning with the three communities of Krobo, Bompata and Adum, it has grown in a concentric form to cover an area of approximately ten (10) kilometers in radius. The direction of growth started along the arterial roads due to the accessibility they offered resulting in a radial pattern of development. Kumasi encompasses about 90 suburbs, many of which were absorbed into it as a result of the process of physical expansion and growth. Figures from the year 2000 Population Census kept the population at 1,170,270. It was projected to be about 1,610,867 in 2006 and 1,889,934 by 2009 (Ministry of Local Government and Rural Development and Moks Publications & Media Services, 2006).

The Metropolis has a lot of MFIs, making it one of the highest commercial cities in Ghana. There are also many schools and some industries. It is very heterogeneous in the

sense that it has people with almost all the features of the people in the other regions of Ghana living in it. Also the area is endowed with a lot resort or hotel facilities such as Golden tulip, Miklin hotel etc. as well as the Kwame Nkrumah University of Science and Technology (KNUST) sports center which are all opened to the general public.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 INTRODUCTION

This chapter basically presents the results and discussions of data gathered and analyzed from the respondents sampled for the study. In all, 200 samples were used for this descriptive analysis.

Table 4.0 DEMOGRAPHIC INFORMATION OF RESPONDENTS

VARIABLES	FREQUENCY	PERCENTAGE
AGE		
18-30 years	25	12.6
31-40 years	87	43.6
41-50 years	67	28.6
51-60 years	22	11.0
61 and Above	9	4.6
LEVEL OF EDUCATION		
None	7	3.6
Basic	18	8.0
Secondary	43	21.6
Tertiary	102	61.0
Professional	32	18.0
GENDER		
Male	105	62..6
Female	96	47.6
INCOME LEVEL		
Less Than 100GHs	10	5.0
100 – 300 GHs	22	11
400 – 800 GHs	34	17
800 – 1000 GHs	87	41.5
More Than 1000 GHs	51	25.5

**YEARS OF
RELATIONSHIP**

Less Than 1 Year	13	8.6
1 – 3 years	12	8.0
4 – 6 years	62	28.0
7 – 10 years	97	48.6
More Than 10 years	26	13.0

SOURCE: Researcher's Survey Data, (2015).

From the table above, it can be observed that majority of the respondents were aged between 31 to 40 years, this group constitute a major component of customers and senior staff with rich experience of Beige Capital operations. This category constituted 43.6 percent of the total respondents of 200. This was followed by 41 to 50 years, another experienced category of customers and senior staff members with 28.6 percent of total respondents. 18 to 20 years group was next with 112.6 percent, while 61 and above constituted 4.6 percent with 9 frequencies. The statistics above indicates that the information gathered was from mature and more experienced staff members of BEIGE Capital.

With respect to the level of education of respondents, it came up that most of the respondents were with tertiary, secondary and different professional background and qualification, these categories constituted 61.0 percent, 21.6 percent and 18.0 percent of the total respondents of 200 respectively; while both basic and none education constituted 8.0 and 3.6 percent respectively. The 3.6 percent were with no formal education qualification, mostly the casual workers of the financial institution.

Gender was the next information captured to help examine the level of participation of both sex in Beige Capital activities, here, it came up that majority of the both customer and staff were males, with 62.6 percent, followed by female with 47.6 percent.

Respondents years of years of relationship with Beige Capital was another indicator of concern for this study, as experienced workers often times have the valid and credible information on the financial intermediaries and can help do a more credible assessment on the effect of microcredit services of the institution. Here, majority of respondents had long standing relationship with Beige Capital, spanning between 7 to 10 years, constituting 48.6 percent, this group was followed by those with 4 to 6 years relationship with Beige Capital which was 28 percent. More than 10 years relationship was 13.0 percent, while the category with the least years was 1 to 3 years and that constituted 8.0 percent of the total respondents.

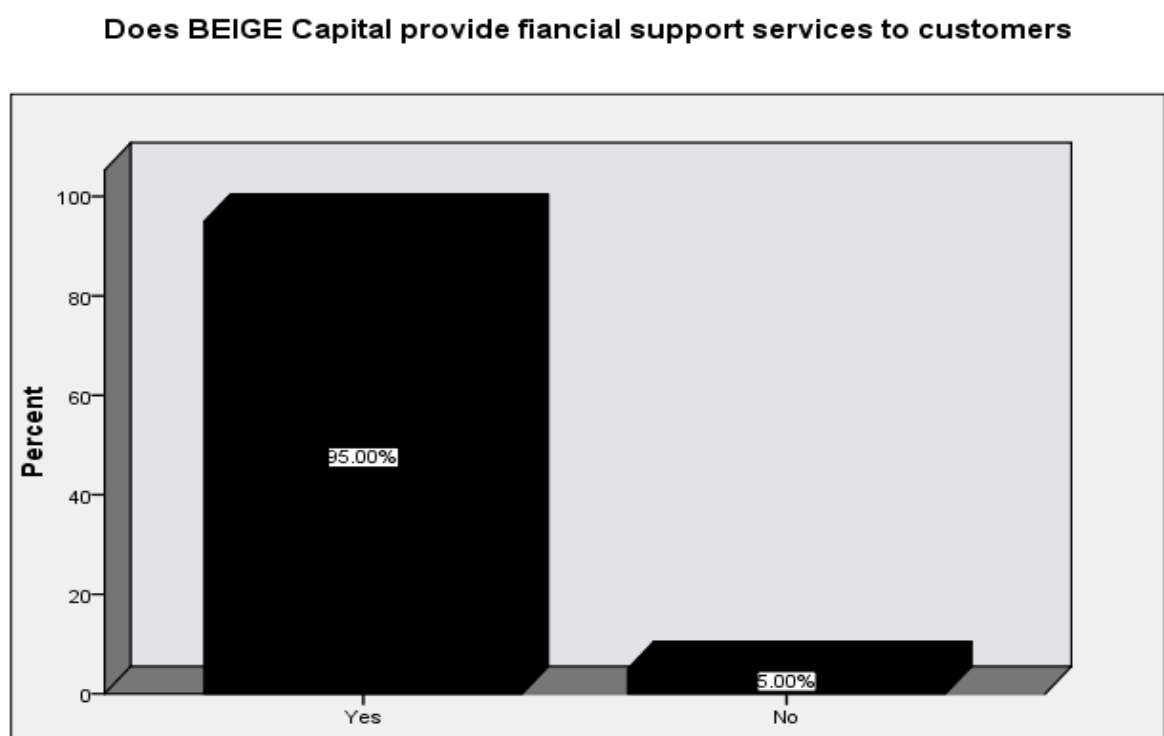
Income level of respondents was also another variable of interest for this study, here, respondents with the highest income level was 800 to 1000Ghs category, this constituted 41.5 percent of the respondents sampled. Next to this was the category earning more than 1000Ghs, with 25.5 percent. 400 to 800Ghs followed with 17 percent while the least income group was those earning less than 100Ghs with 5.0 percent of the sample respondents.

The Demographics helped to ascertain the source, nature and characteristics of respondents and credibility of information gathered this study. Given the fact that the information gathered was from senior staff and customers with long standing relationship

with Beige Capital, the study can therefore proceed, with further discussion of the result from the analysis of the data gathered.

4.1: Types of Financial Support Service and Value Added to Business

Figure 4.0: Chart Showing Responses on Financial Support Service Provision by Beige Capital



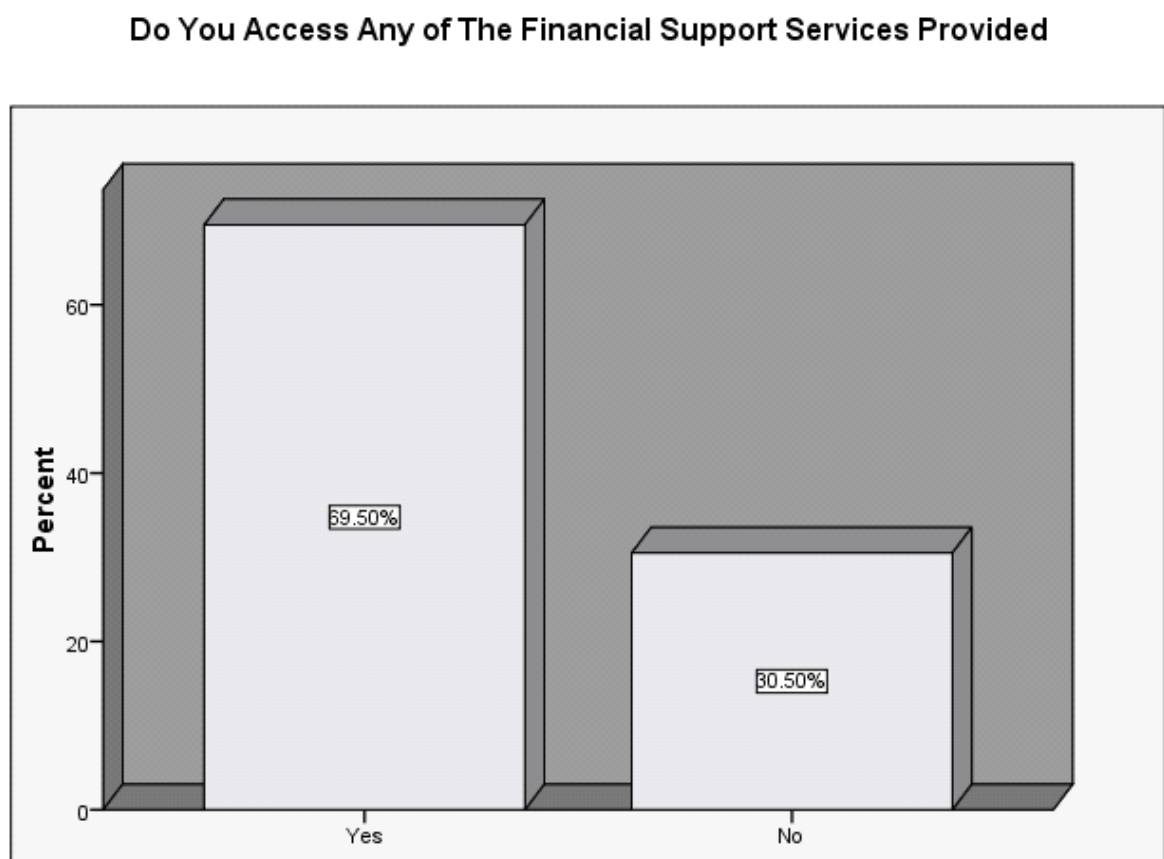
SOURCE: Researcher's Survey Data (2015).

The figure 4.0 above illustrates responses on the question; “does Beige Capital provide financial support services”. It could be observed from the above diagram that majority of the respondents sampled responded in the affirmative, that Beige Capital provides financial support service to customers, based on their personal experience with the financial institution. Here, it can be observed from the diagram that 95 percent of the

respondents affirmed that really, there are various financial support services provided by Beige Capital to customers to help them improve upon the financial performance of their businesses.

However, 5 percent of the sampled respondents answered in the negative, that there are not such support from Beige Capital this could be as a result of insufficient information about the operations and activities of the financial intermediary.

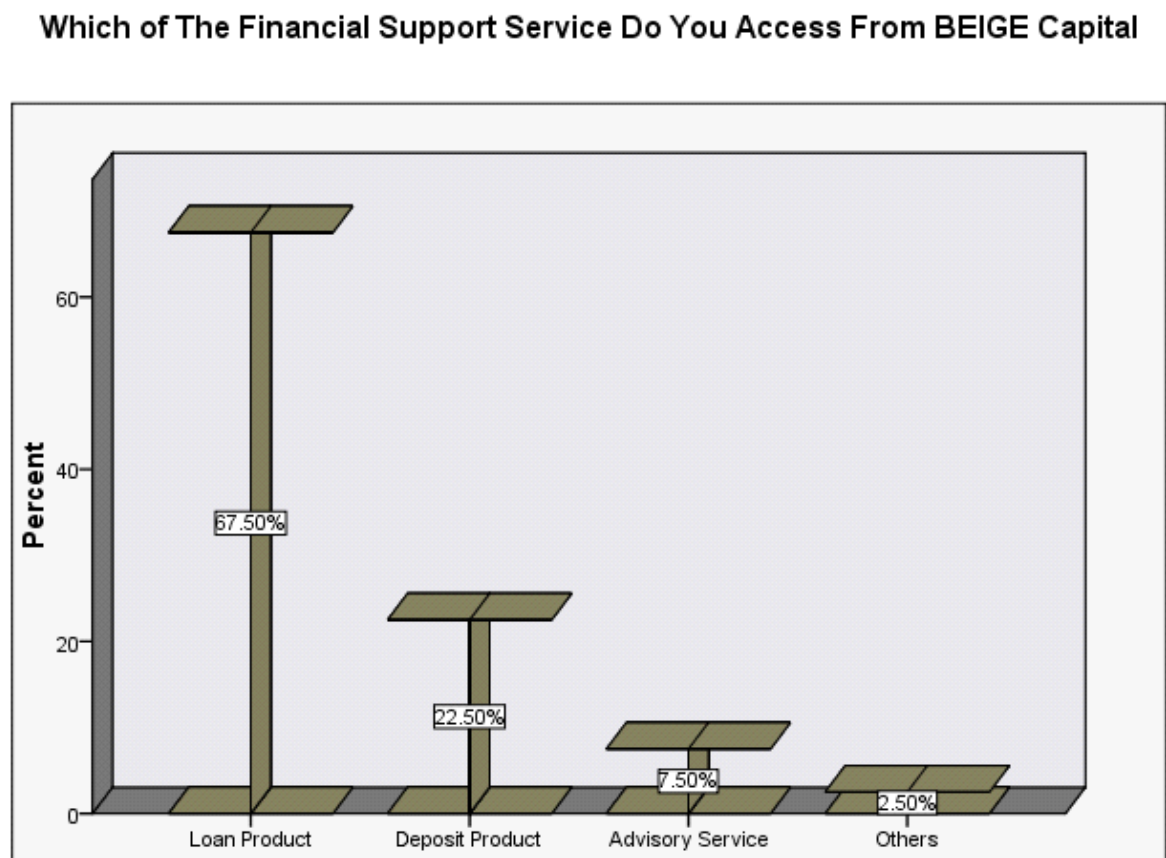
Figure 4.1: A Chart Showing the Level of Patronage of Beige Capital Financial Support Services



SOURCE: Researcher's Survey Data (2015).

The figure 4.1 above illustrates responses on the question; “do you access any of the financial support services provided by Beige Capital”. Here, it came up that 69.5 percent of sampled respondents have in one way or the other accessed the financial support services of the institution. This category could be mainly the customers sampled to respond to the question under discussion. However, 30.5 percent where responded in the negative, this group could be the, the staff members who rather provide these support services to the customers.

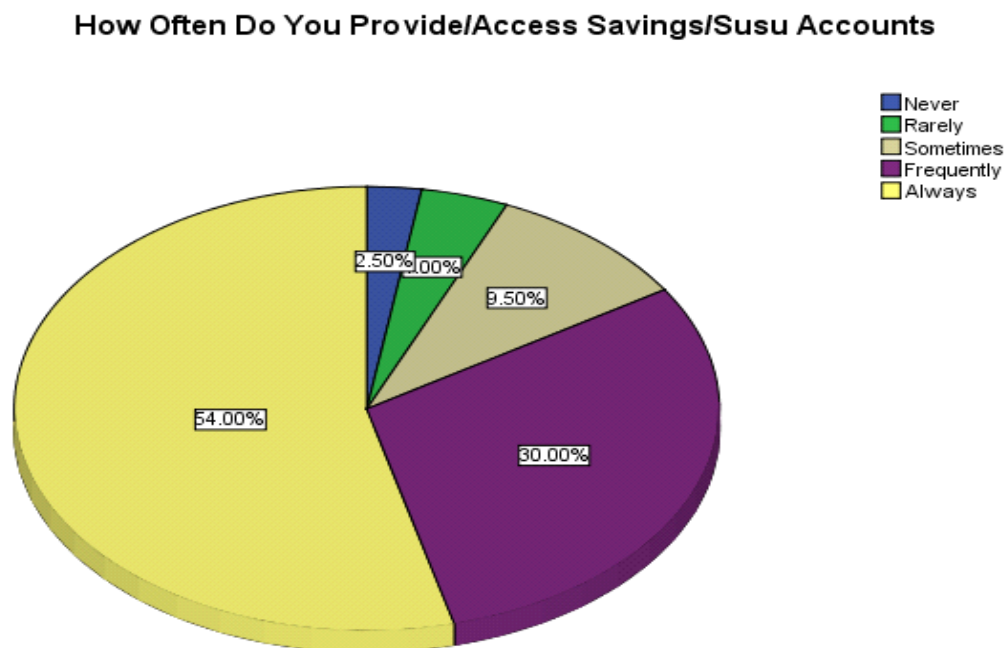
Figure4.2: A Chart Showing the Financial Support Services Mostly Accessed



SOURCE: Researcher’s Survey Data (2015)

Figure 4.2 above, illustrates responses on the financial support services customers access from Beige Capital. From the diagram, it could be observed that loan product from Beige Capital is the product mostly accessed by customers. This constituted 67.5 percent of the responses sampled. Following this was the deposit product provided by the intermediary; this constituted 22.5 percent of responses gathered. And next to the deposit product was advisory services with 7.5 percent. Others such as payment of fees, utility bills and consumer credit facilities constituted 2.5 percent of the responses gathered from staff and customers.

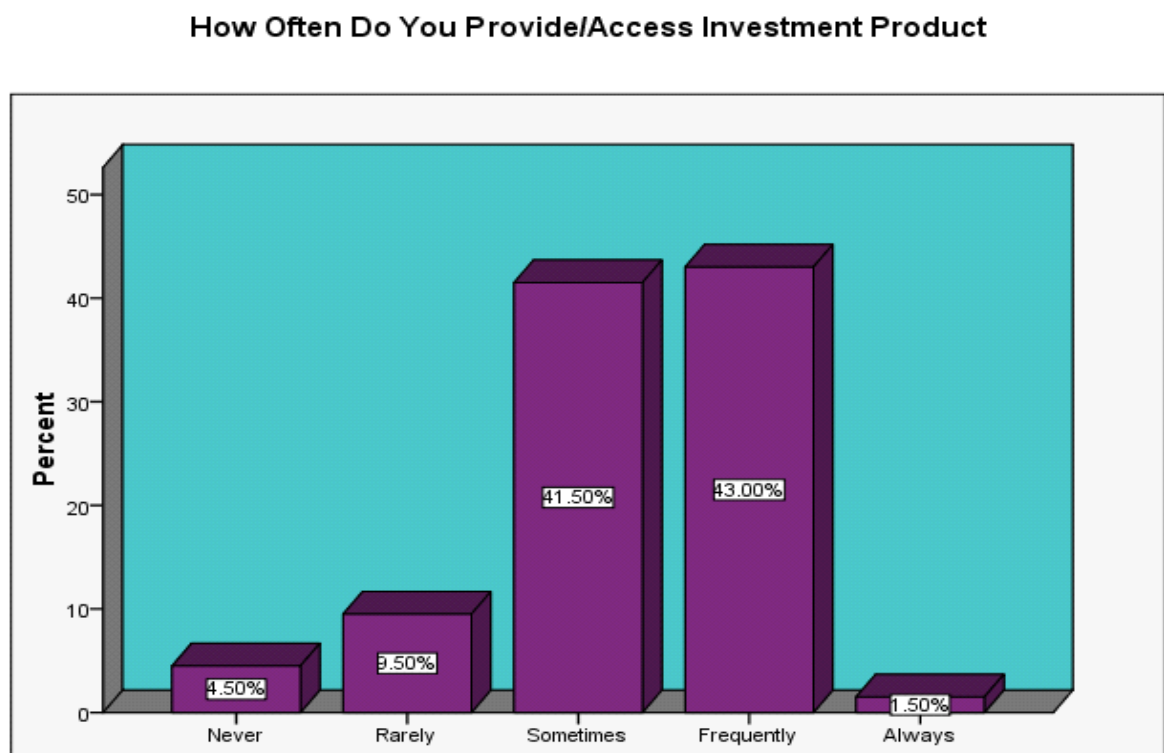
Figure4.3: A Chart Showing the Rate at Which Savings/Susu Account Is Accessed By Customers or Provided By Beige Capital



SOURCE: Researcher's Survey Data (2015)

Figure 4.3 above, shows the rate at which customers access or Beige Capital provides the saving or susu account for customers. From the chart, it is evident that Beige Capital or Customers sometimes provide or access this product, this option topped the chart with 54 percent the susu/savings and loan product is mostly accessed by trade and commerce category of customers with Beige Capital. This was followed by those who frequently access this facility from Beige Capital with 30.0 percent of the respondents. 9.5 percent of respondents will always access this facility from Beige Capita, while 2.5 have never accessed, this facility, and 4.0percent who rarely access this product from Beige Capital.

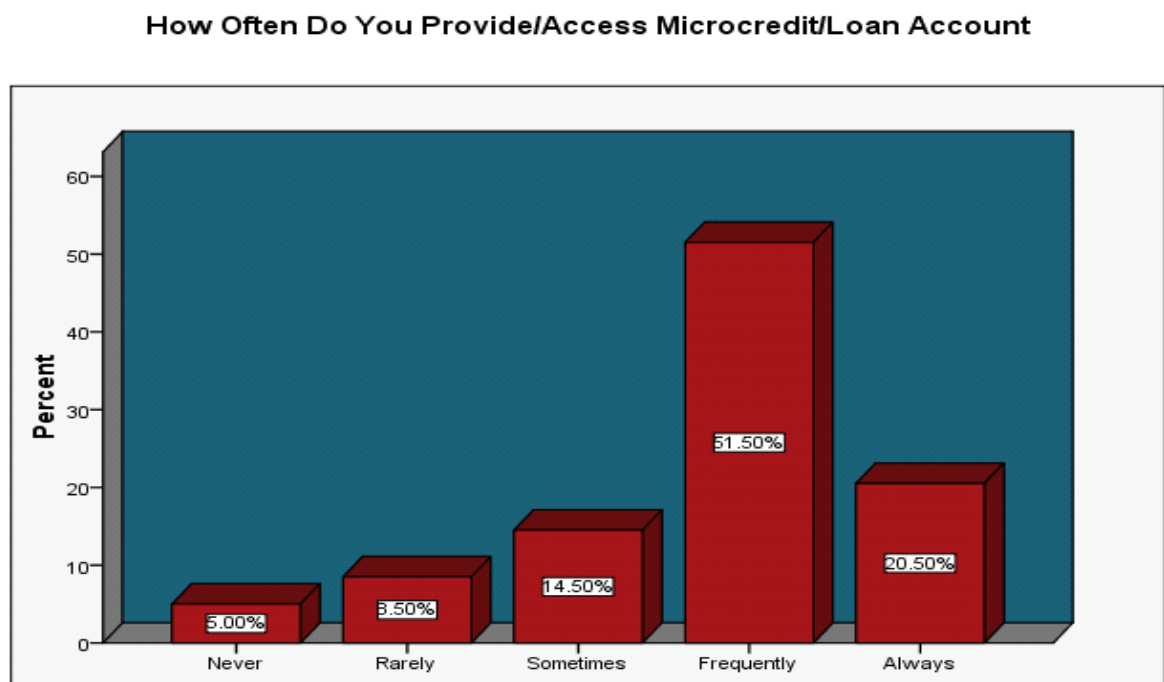
Figure 4.3: A Chart Showing How Often Beige Capital Provides or Customers Access Investment Product from the Institution



SOURCE: Researcher's Survey Data (2015)

Figure 4.4 above, shows the rate at which customers access or Beige Capital provides the investment account for customers. From the chart, it is obvious that Beige Capital or Customers sometimes and frequently provide or access this product from Beige Capital, these option were higher on the chart with 41.5 and 43.0 percent respectively. The investment product is mostly accessed by private investors in the interest bearing asset from Beige Capital, and this category are mostly motivated by the market interest rate. This was followed by those who rarely access these facilities from Beige Capital with 9.5 percent of the respondents. 4.5 never accessed this facility, while 1.5 percent will always go for this particular product from Beige Capital rather than the other products on offer from the institution.

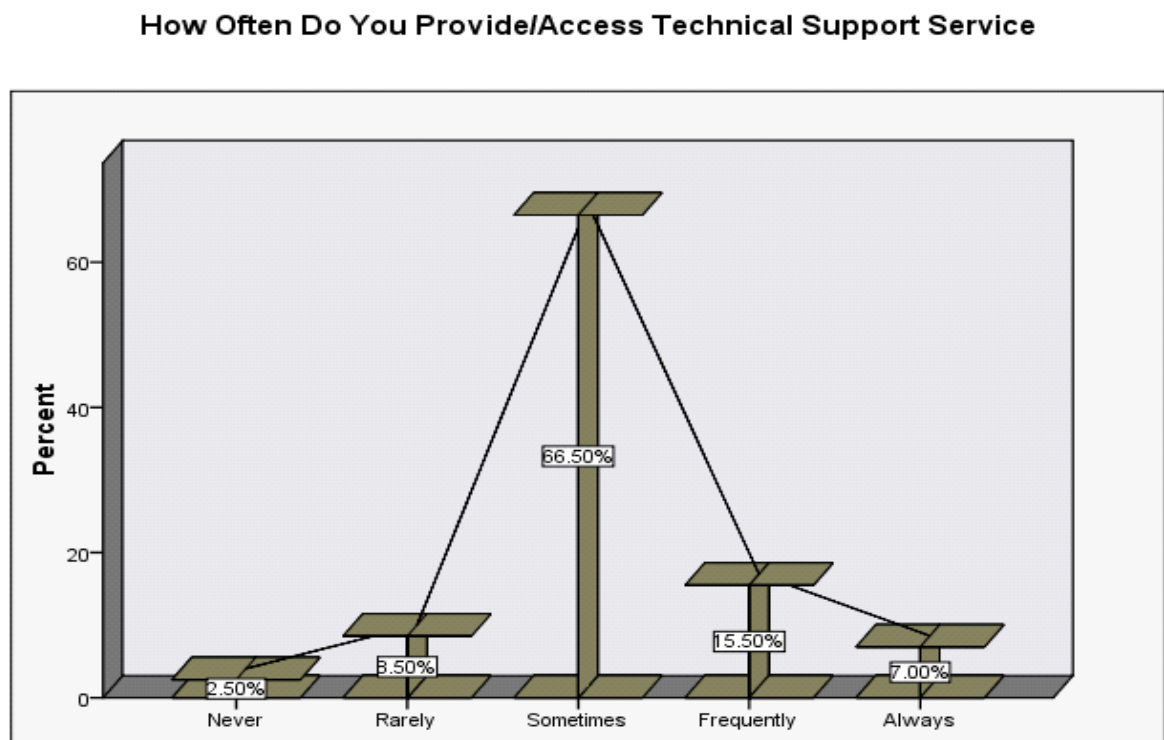
Figure 4.4: A Chart Showing the Rate at Which Customers or Beige Capital Provides Microcredit/Loan Account



SOURCE: Researcher's Survey Data (2015).

Figure 4.5 above, shows the rate at which customers access or Beige Capital provides the microcredit account for customers. From the diagram above, it is revealed that Beige Capital or Customers frequently provide or access the microcredit product from Beige Capital, this option topped the chart with 51.5 percent. The microcredit facility is mostly accessed by trading category of customers of Beige Capital; this was followed by those who will always access this facility from Beige Capital with 20.5 percent of the respondents sampled. 6.0 never accessed this facility, while 8.5 rarely access this product from Beige Capital, and this group and those who never accessed were in the minority.

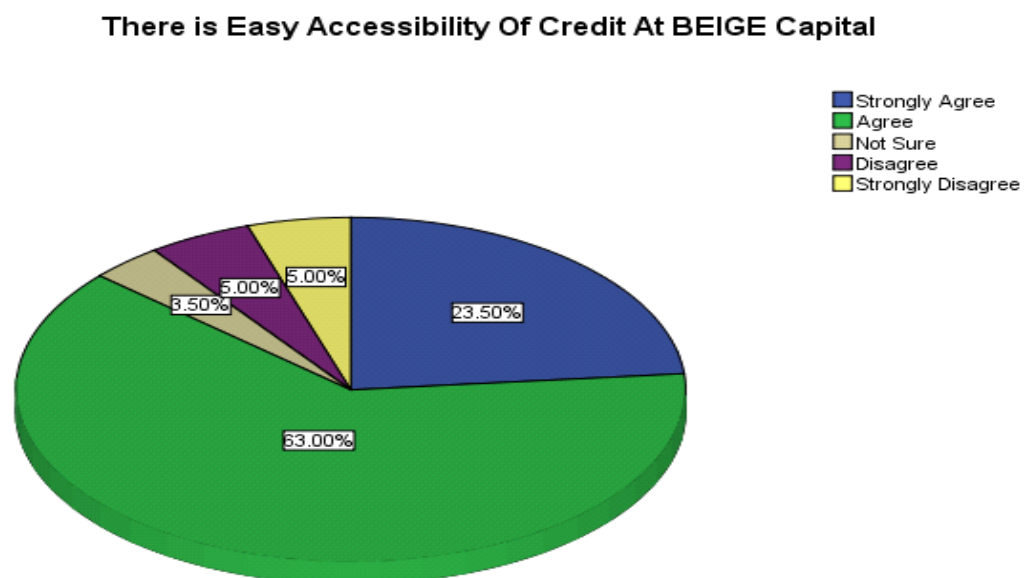
Figure 4.6: A Chart Showing the Rate at Which Beige Capital Provide or Customers Access Technical Support Service



SOURCE: Researcher's Survey Data (2015)

Figure 4.6 above, illustrates the rate at which customers access or Beige Capital provides the technical support services to its customer. From the diagram above, it is evident that Beige Capital or Customers sometimes provides or access the technical support services from Beige Capital, this option topped the chart with 66.5 percent. The technical support service is mostly accessed by all categories of customers, namely, trading category, investor category, consumer credit category etc. of Beige Capital, This was followed by those who will frequently access this service from Beige Capital with 15.5 percent of the respondents sampled. Next tot this was the always category with 7.0 percent, and 2.5 never accessed this service , while 8.5 rarely access this service from Beige Capital, and again , the last two category were in the minority, according to the data gathered.

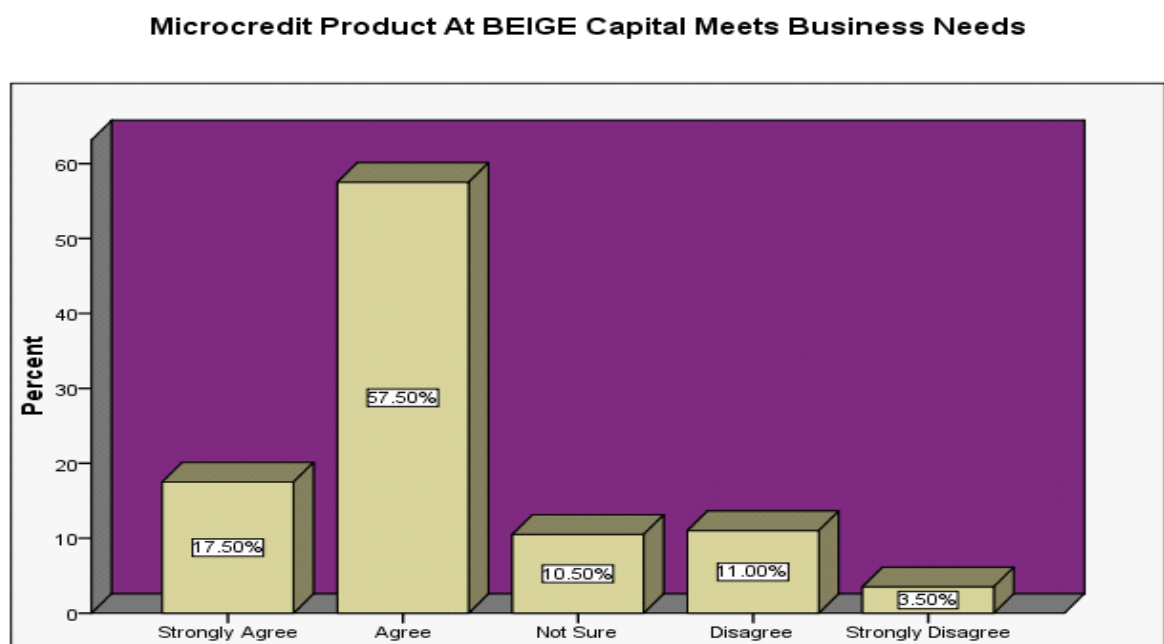
Figure 4.7 Chart Showing the Ease with Which the Customers Access Credit Facility from Beige Capital



SOURCE: Researcher's Survey Data (2015).

Figure 4.7 above illustrates respondent's agreement or disagreement with the statement whether there is easy access to credit facility at Beige Capital. Here, majority of the respondents agreed with the argument, that really there is easy access to credit at Beige Capital. Here, 76.5 percent agree to this argument; this was made up of 23.5 percent strongly agree and 53 percent agree. However, 3.5 percent of respondent were not sure of the fact that there is easy access to credit facility at Beige Capital, meanwhile 10 percent disagreed with this assertion that , this was made up of 5 and 5 percent disagree and strongly disagree respectively, given the higher level of agreement and the characteristics of respondent sampled, it could then follow that the minority in disagreement may be as a result of insufficient information about the credit management processes in Beige Capital.

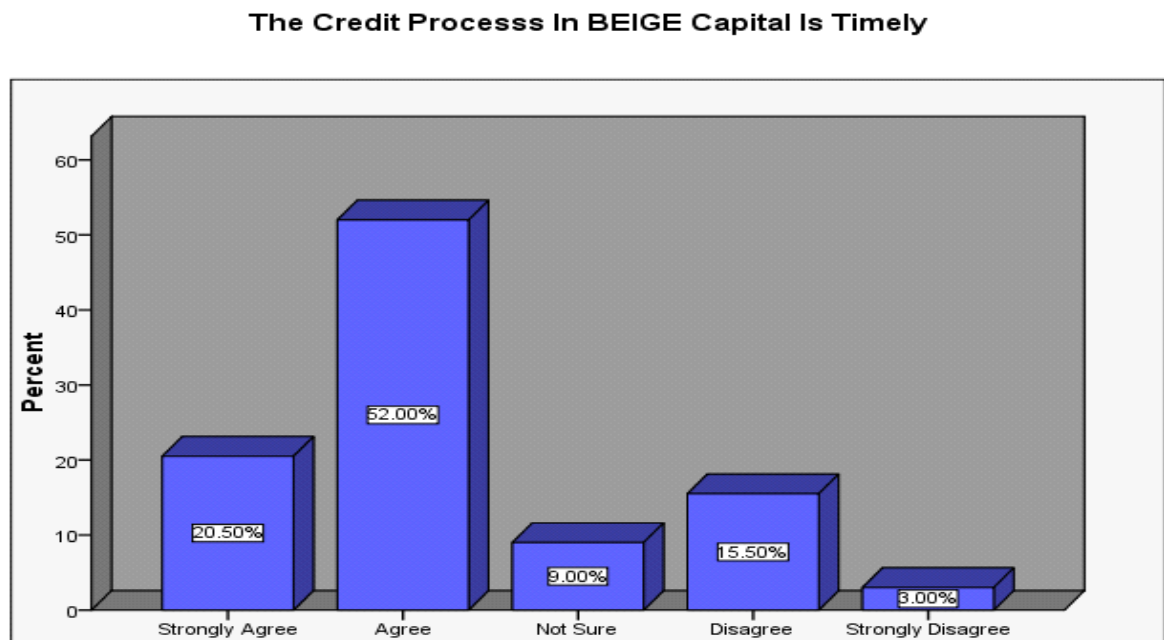
Figure 4.8: A Chart Showing how Beige Capital Microcredit Product Meets the Business Needs of Customers



SOURCE: Researcher's Survey Data (2015)

Figure 4.8 above illustrates respondent's agreement or otherwise with the statement whether Beige Capital microcredit product meets the business needs of customers. Here, majority of the respondents agreed with the argument, that the microcredit facility meets their business needs. Here, 75 percent agree to this argument; this was made up of 17.5 percent strongly agree and 57.5 percent agree. However, 10.5 percent of respondent could not take any concrete stance on the argument under consideration, meanwhile 14,5 percent disagreed with this assertion and this was made up of 11and 3.5 percent disagree and strongly disagree respectively. Again, given the higher level of agreement and the demographic characteristics of respondent sampled, it could then follow that the minority in disagreement may be as a result of insufficient information about the microcredit management processes available at Beige Capital.

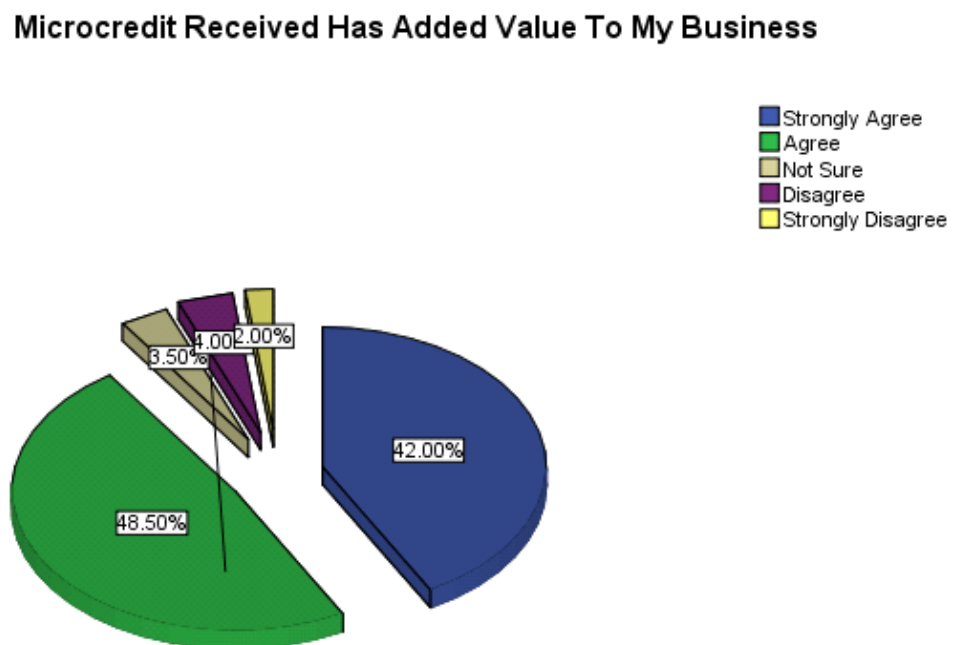
Figure 4.9. Chart Showing the Timeliness of Credit Processes at Beige Capital



SOURCE: Researcher's Survey Data (2015)

The timeliness of credit processes at Beige Capital was also another variable of interest in this study. Figure 4.9 above illustrates respondents view on how timely are the credit processes at Beige Capital, Here, it came up that 72.5 percent of the total respondents agreed with the statement that credit processes are very timely. This was made up of 20.5 and 52 percent strongly agree and agree respectively. While 9 percent were not able take sides with the argument, 18.5 percent disagree, this was made up of 15.5 percent disagree and 3 percent strongly disagree with the argument under consideration.

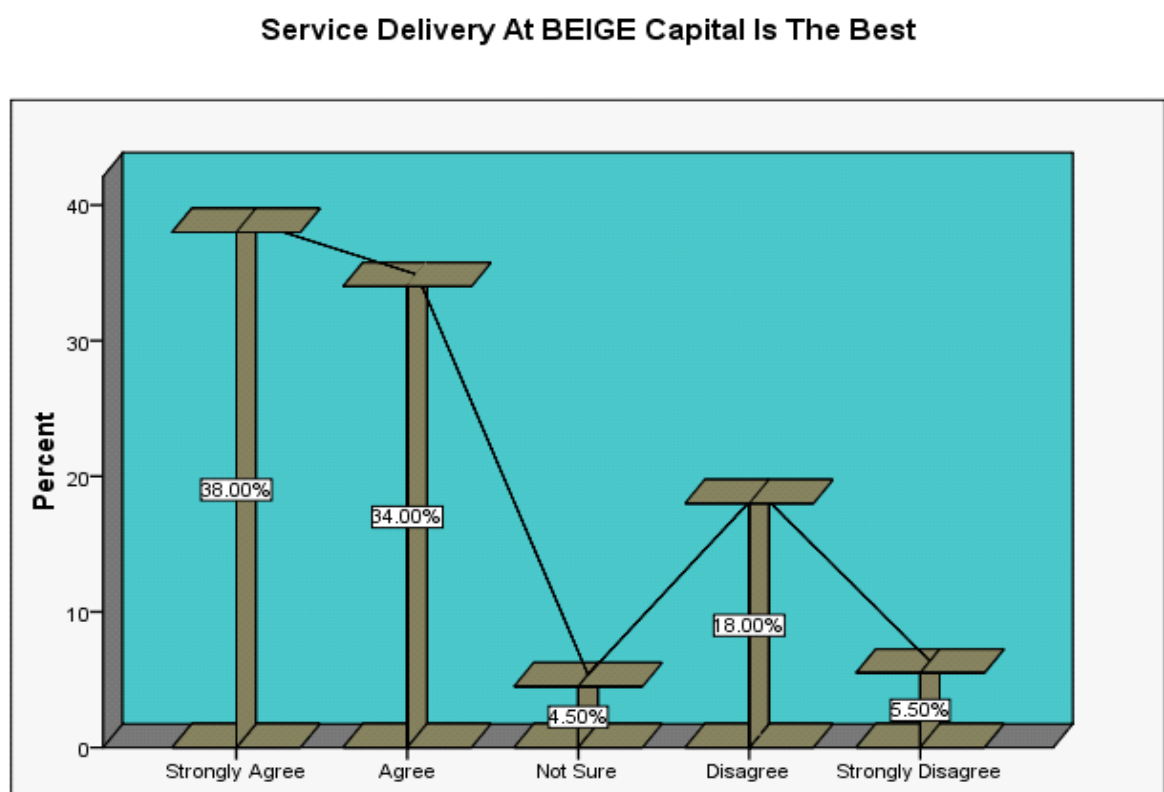
Figure 4.10.A Chart showing how Credit Received from Beige Capital has Added Value to Customers Business



SOURCE: Researcher's Survey Data (2015).

Another major variable of interest in this study was the issue of how credit facility received from Beige Capital has been able to add value to customers business. From the data gathered and analyzed, it was revealed that more than half of the respondents sampled agreed with this, that there is value addition to their businesses with Beige Capital Microcredit facility. This constituted 90.5 percent. Where, 42 percent strongly agree and 48 percent agreed. While 3.5 percent could not take any stance on the statement, 16 percent disagreed, with 6 percent disagree with 4 percent disagree and 2 strongly disagree.

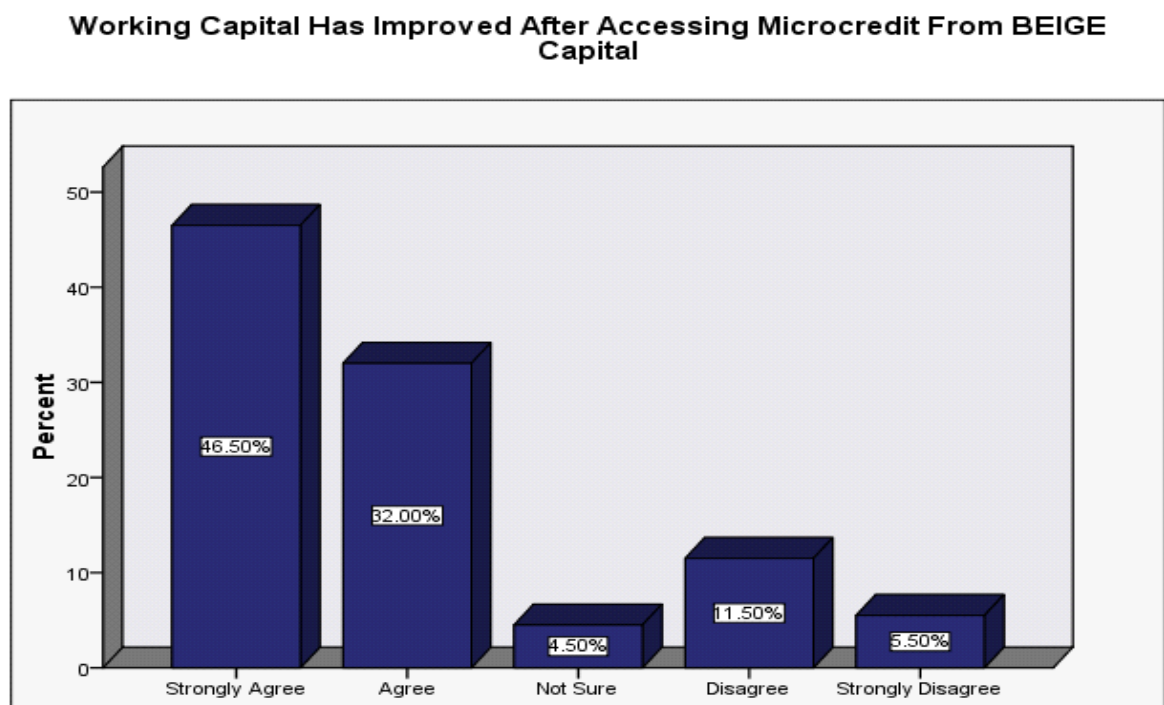
Figure 4.11a Chart Showing How Customers Rate the Service Provided By Beige Capital



SOURCE: Researcher's Survey Data (2015).

Figure 4.11 above illustrates respondents view on how the services delivered by Beige Capital is rated by the service users According to the data gathered, 72 percent of the respondents agreed with this, arguing that the quality of microcredit service provided by the intermediary is of best quality, citing that there is good customer relationship, quick service delivery, and advisory services among others available for customers. This was made up of 38 percent strongly agree and 34 percent agree; while 17 percent were not able to establish their stance on the argument under consideration, 23.5 percent disagreed; with 18 and 5.5 percent disagree and strongly disagree respectively; However, 4.5 percent were not able to establish any concrete stance on the subject under discussion.

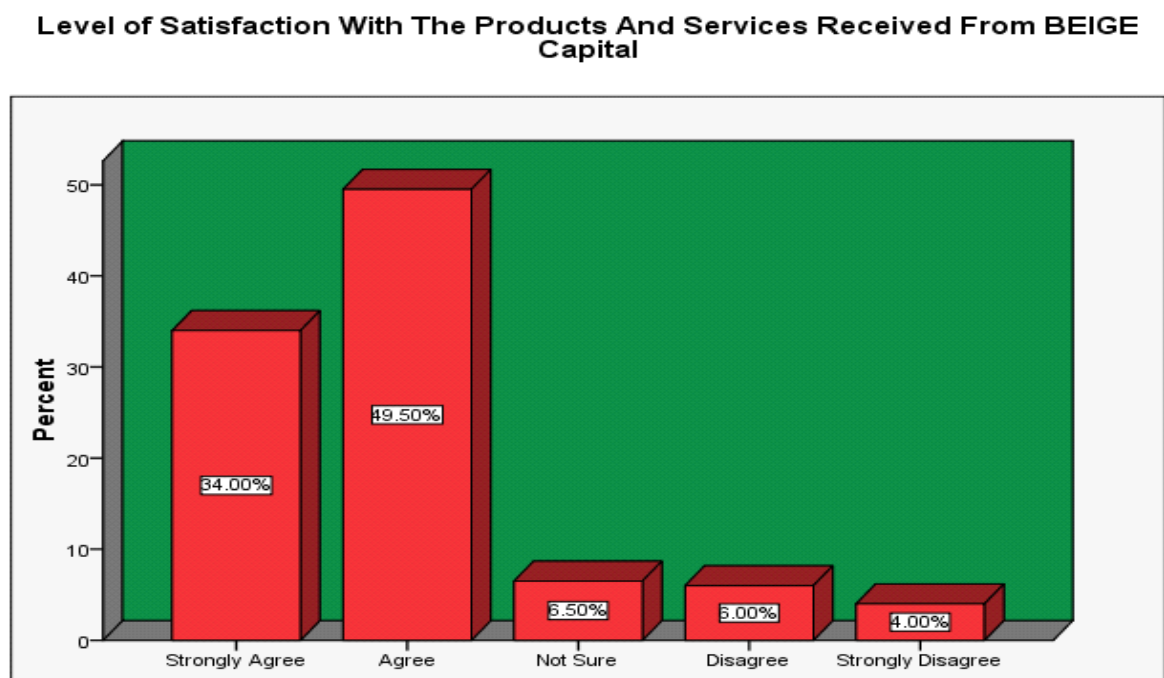
Figure 4.12: A Chart showing how Working Capital has performed after Accessing Beige Capital Microcredit facility



SOURCE: Researcher's Survey Data (2015)

The performance of the working capital of customers after accessing the credit facility from Beige Capital was also another major variable of interest in this study. Figure 4.12 above illustrates respondents view on how their working capital has performed. From the data gathered, it came up that 78.5 percent of the total respondents agreed with the statement that their working capital performance has improved. This was made up of 46.5 and 32 percent strongly agree and agree respectively. While 4.5 percent were not able take sides with the argument, 17 percent disagree, this was made up of 11.5 percent disagree and 5.5 percent strongly disagree with the argument , arguing that not much improvement have been seen in their working capital after accessing the microcredit facility from Beige Capital.

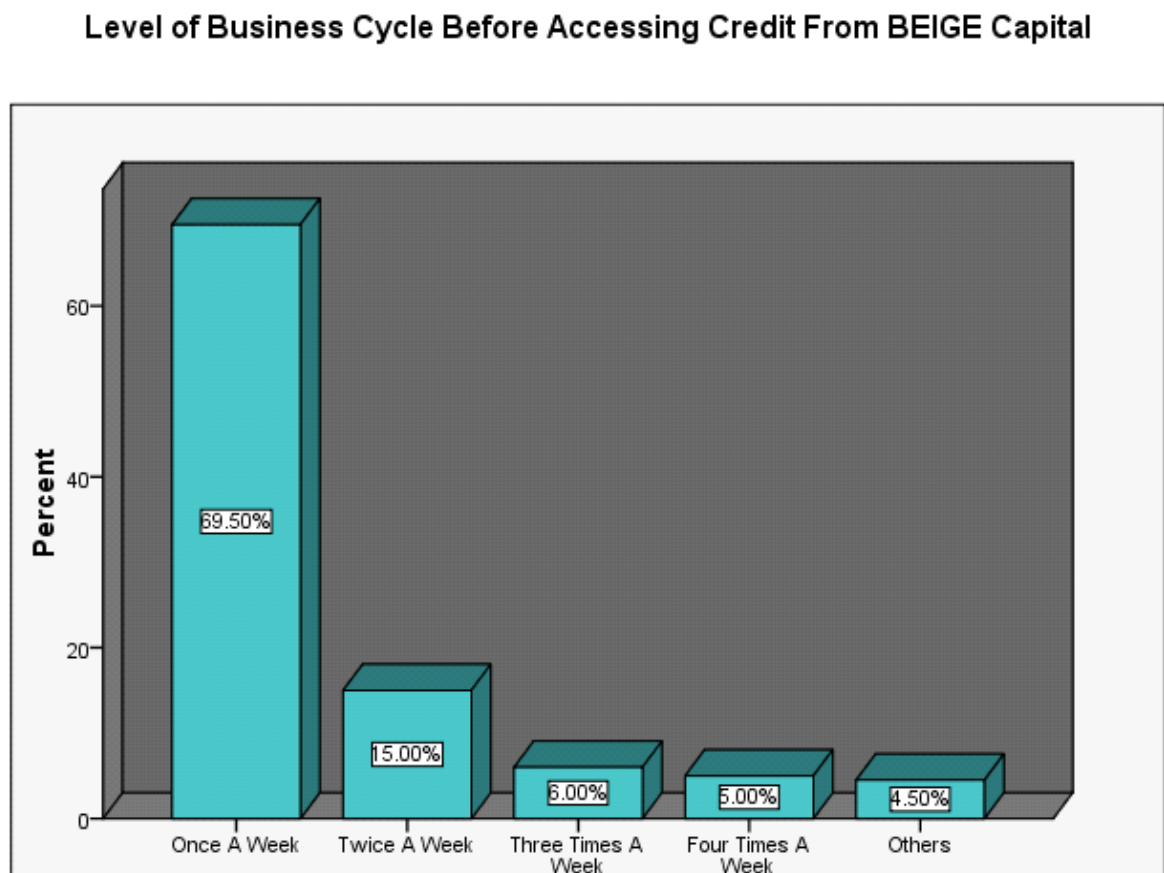
Figure 4.13: A Chart Showing Customers Level of Satisfaction with the Services and Products Provided By Beige Capital



SOURCE: Researcher's Survey Data (2015)

And equally important variable of interest for the study was how customers are satisfied or otherwise with the product and services provided by Beige Capital. Here, it came up that, majority of respondents are satisfied with the product and services provided by Beige Capital, this constituted 83.5 percent of the total respondents sampled. This was made up of 34 and 49 percent strongly agree and agree respectively. While 6.5 percent were indifferent with the assertion, however, 10 percent disagreed with this, they were not satisfied with the customer services and products provided by Beige Capital.

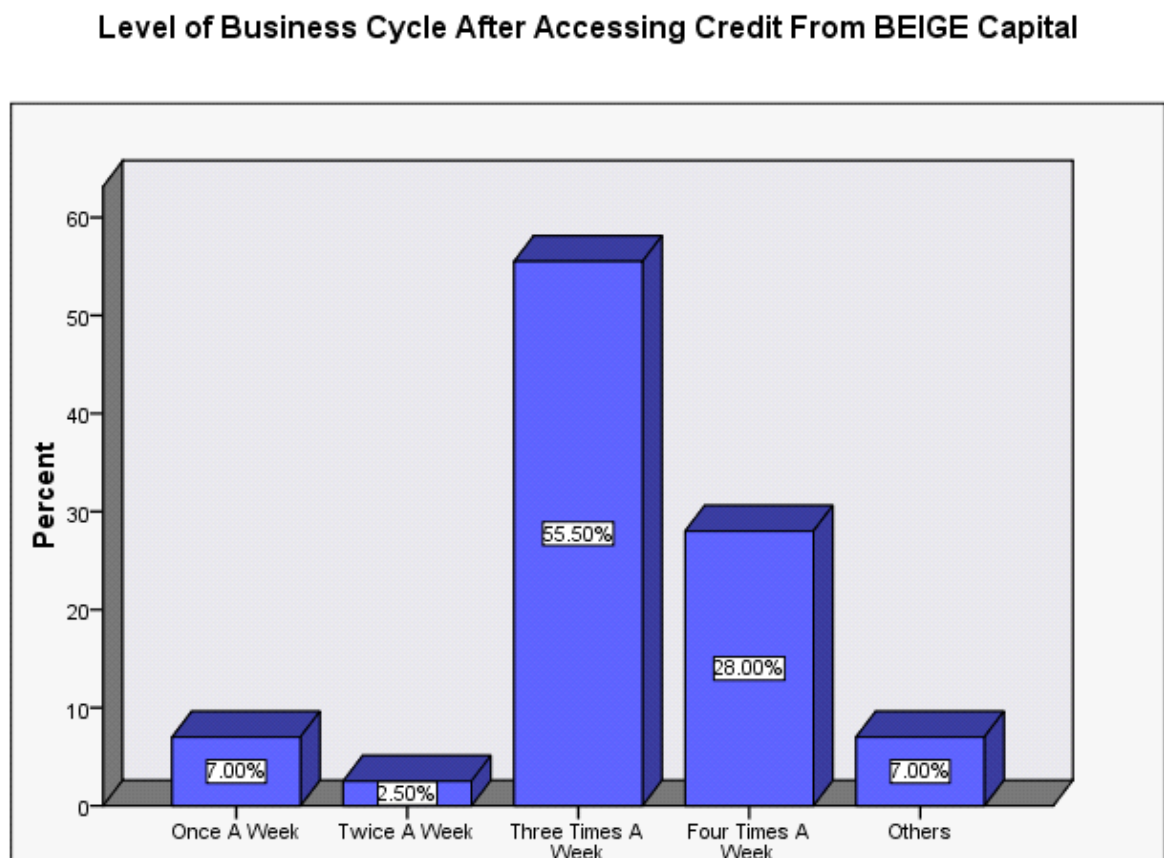
Figure 4.14: A Chart Showing the Nature of Business Cycle before Accessing Credit Facility from Beige Capital



SOURCE: Researcher's Survey Data (2015)

This study was also much interested with the nature of the business cycle customers experienced before credit facility was granted by Beige Capital. Here, it came up that, to a greater extent, as revealed by respondent's data, majority of customers experienced once a week as their normal business cycle, and this constituted 69.5 percent of the respondents. Following this was twice a week cycle with 15 percent, three times a week and four times a week were next with 5 percent each, while others had 4.5 percent.

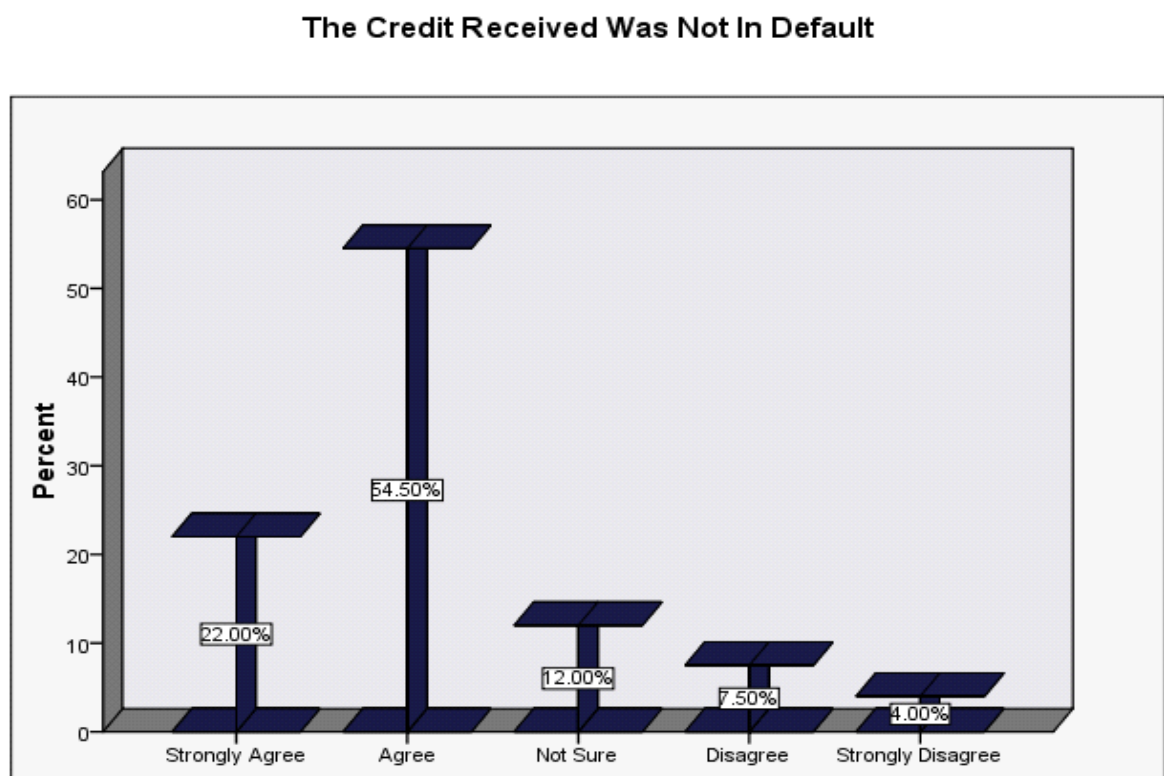
Figure 4.15 Chart showing the Nature of Business Cycle after Accessing the Microcredit Facility from Beige Capital



SOURCE: Researcher's Survey Data (2015)

Figure 4.15 above illustrates responses on the nature of business cycle after the microcredit facility has been secured to support the business. From the data gathered, it came up that business cycle improved drastically after the application of loan facility in the business. It can be observed from the chart that 55.5 percent experienced three times a week as their normal business cycle; while 28 percent now experience four times a week. Now only 7 and 2.5 percent experience once a week and twice a week respectively. This is a clear indication that individual business cycle improved after the application of loan into businesses.

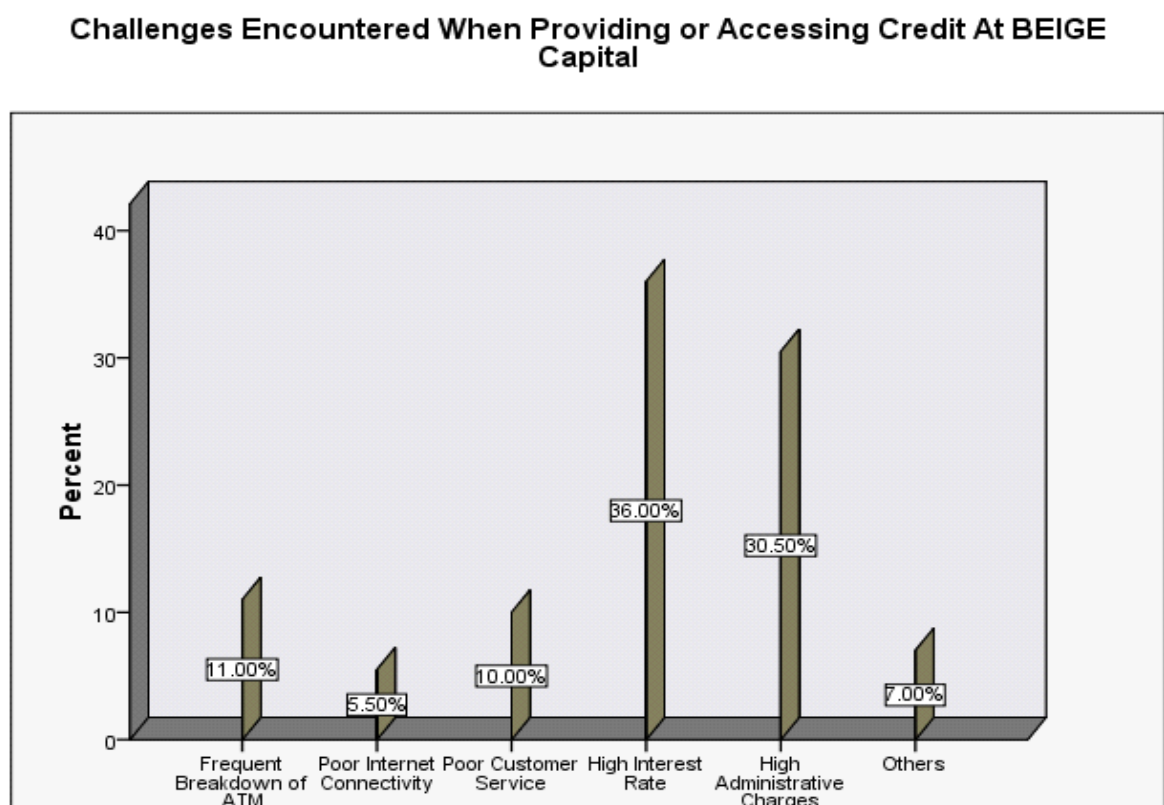
Figure 4.16 Chart showing the Customer Default with Respect to their Credit Received



SOURCE: Researcher's Survey Data (2015)

Again, an equally important variable of interest for the study was how some customers default with respect to the credit they receive from Beige Capital. From the data gathered, it came up that, 76.5 percent agreed that their credit received was not in default. This was made up of 22 and 54.5 percent strongly agree and agree respectively, while 12 percent were not able to establish their stance on the matter under consideration, 11.5 percent disagreed, with 7.5 and 4 percent disagree and strongly disagree respectively.

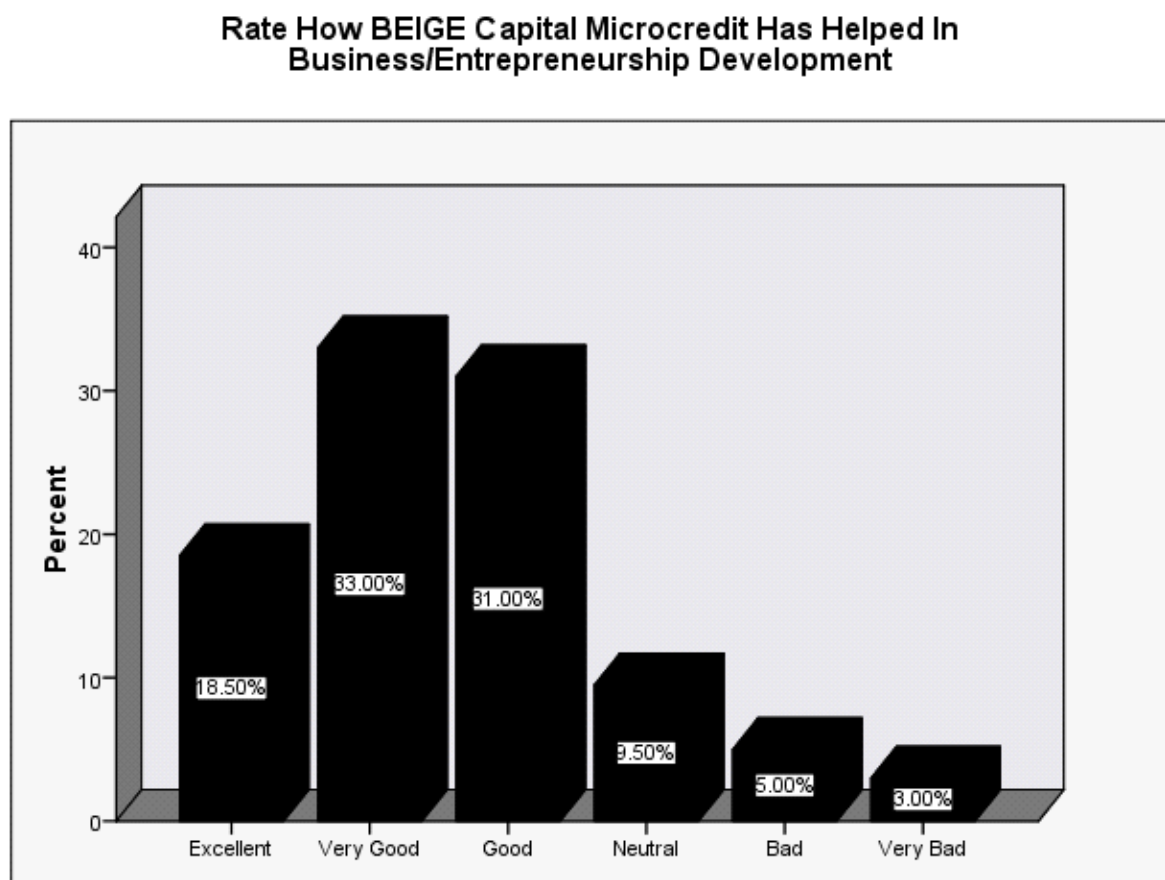
Figure 4.17 Some Challenges Beige Capital or Customers Encounter when Providing or Accessing Microcredit Facility



SOURCE: Researcher's Survey Data (2015)

Figure 4.17 above shows some of the challenges encountered when providing or accessing the credit facility at Beige Capital. From the responses gathered, it came up that high interest rate and administrative charges were some of the challenges mostly faced by customers. These constituted 36 and 30.5 percent respectively. Following these, according to the data gathered were frequent breakdown of ATM and poor customer service, with 11 and 10 percent respectively. While unreliable internet services and others constituted 5.5 and 7 percent respectively.

Figure 4.18 Chart showing Beige Capital Microcredit and Entrepreneurship Development



SOURCE: Researcher's Survey Data (2015)

Figure 4.18, illustrates the responses on how the microcredit facility provided by Beige Capital has helped in the entrepreneurship development. From the responses gathered and analyzed, it can be observed that microcredit facility has helped in the development of entrepreneurial ventures. Respondents rated the level of development as excellent, very good, good, neutral bad and very bad. From the chart very good topped the chart with 33.5 percent followed by good with 31 percent. Excellent was next with 18.5 percent, while those who could not take any concrete stance was 9.5 percent., however, 7.5 percent disagreed with this; these were those who rated their business development as bad and very bad, with 5 and 2.5 percent respectively.

4.2 CONCLUSION

This chapter did a thorough analysis of the data gathered from respondents for this study. Based on the kind of financial support received, valued added to business after receiving these various kinds of financial assistance from Beige Capital and some of the major challenges encountered in accessing or service provision by Beige Capital; the major finding and policy recommendations are presented in the next chapter of this study.

CHAPTER FIVE

SUMMARY OF MAJOR FINDS AND POLICY RECOMMENDATION

5.0 INTRODUCTION

This chapter summarizes the results of the study and explains any conclusions that have resulted from the statistical analysis of the data gathered. It cites and explains any shortcoming(s) of the study. Recommendations and policy implications resulting from the study and suggestions for further research /studies on the subject investigated in this study.

5.1 SUMMARY OF MAJOR FINDINGS:

TYPES OF FINANCIAL SUPPORT AND VALUE ADDED TO BUSINESS

The study revealed that Beige Capital provides various forms of financial support to customers, this constituted 95% of the total responses gathered.

The study also revealed that majority of the respondents access Beige Capital financial support service and this constituted 69.5%.

It also came up that the financial support services mostly accessed or provided by Beige Capital were microcredit/loan and deposit product with 67.7% and 22.5% respectively. And these are sometimes ore frequently accessed from Beige Capital.

Investment products are also provided and accessed from Beige Capital frequently, with 43% of the responses gathered. While technical support services are sometimes provided. There is easy access to credit and microcredit products often times meet the business needs of customers, these had 76.5% and 75% respectively.

Microcredit processes are timely and that the credit facilities from Beige Capital have added value to customer businesses and so these make the facilities at Beige Capital the best product on the financial market. These constituted 72.5%, 90.5% and 72% respectively.

CUSTOMER SATISFACTION WITH MFI PRODUCT

Again, the financial support services have help improve working capital and customer satisfaction with 78.5% and 83.5% respectively.

Business cycle has equally improved from once a week to three times a week, after accessing and utilizing the financial support services from Beige Capital, these had 69.5% and 55.5% respectively.

Also it came up that Beige Capital financial support services have helped in business/entrepreneurship development amongst customers, where the respondents rated the level of development as very good, good and excellent with 33%, 31.0%, and 18.5% respectively.

Microcredit processes are timely and that the credit facilities from Beige Capital have added value to customer businesses and so these make the facilities at Beige Capital the best product on the financial market. These constituted 72.5%, 90.5% and 72% respectively

CHALLENGES ENCOUNTERED IN ACCESSING MICROCREDIT

FACILITIES

76.5% agreed, their credit were not in default. And that some of the major challenges faced by customers are high interest rate with 36% and high administrative charges with 30.5% in the category.

The findings above supports or confirms Sharmima (2008) and Akingunola et al (2013), who did their studies in Bangladesh and Nigeria respectively on the impact of microfinance on entrepreneurship development, using structural equations with OLS regression estimation among variables, and found a significant relationship between microcredit facilities and entrepreneurship development.

5.2 CONCLUSION

The study set out to investigate the effect of microcredit services of Beige Capital on entrepreneurship development in Ghana. And from the data gathered and analyzed, it came up that the type of financial support services provided by Beige Capital such as the loan product, deposit product, investment product etc are frequently provided with technical support services, sometimes. It was also revealed that customers have easy access to credit and these facilities are provided on time to meet the business needs of customers. This has helped to improve the business cycle of customers and added value to their working capital, and has helped in entrepreneurial development in general, irrespective of the challenges such as high interest rate on borrowing and administrative charges.

5.3 POLICY RECOMMENDATION:

It came up from this study that susu savings account and technical and advisory services for customers are relatively on the low side of Beige Capital activities; compared to others like microcredit loans, deposits products and investment product which are readily available for customers. The study is therefore recommending that special mechanisms such as the mobile banking system, and engagement of the services of resource persons with the requisite technical knowledge in risk, inventory, customer management and business structure advisory service, to meet customers on regular basis; this has the potential to increase the customer base and improve the general performance of the institution.

From the study conducted, it was identified that business cycle and working capital of customers have improved tremendously and have added value to customers business, as a results of the financial support services which are provided timely and perfectly meeting the business needs of clients. The study therefore recommends that stringent mechanisms be put in place to sustain and if possible improve upon these activities through regular in-service training of staff, regular review of customer information, networking measures etc. this has the potential to attract more customers, reduce risk, and improve profitability of Beige Capital.

The study recommends that mechanisms such as competitive interest rate, low administrative charges, flexible terms of loan payment, less complex application procedures among others must be put in place to make access and payment of microcredit more flexible, these facilities have the potential to increase market share and

volumes of transactions and generally improve the financial position of intermediaries in Ghana

5.4 LIMITATION TO THE STUDY

This study did not use the quantitative and parametric methodology as done by (Alalade et al 2013) and (Akingunola, 2013) which could have helped to further explore the statistical significance and properties of the sample responses gathered.

Respondents were at a point reluctant to help complete certain items on questionnaires with the notion that the information given may expose their market activities to regulatory authorities and competitors which may detrimental to their businesses corporate aims and objectives Financial and time constraint was also a major challenge faced during the study. Notwithstanding the limitations outlined above, the study was insulated, to a greater extent, from any negative consequences of this limitation and so had no or very little effect on the results findings from the study.

5.5 Suggestion for Further Research:

The study suggests that further survey should be conducts into how e-banking products and customer services delivery has affected entrepreneurship development in Ghana, as these variable were not included in this study

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APPENDICES

APPENDIX I

Sample Questionnaire

KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY

COLLEGE OF ART AND SOCIAL SCIENCE

SCHOOL OF BUSINESS ADMINISTRATION

(DEPARTMENT OF FINANCE)

QUESTIONNAIRE

THE EFFECT OF MICROCREDIT SERVICES OF BEIGE CAPITAL ON ENTERPRENIURESHIP DEVELOPMENT IN GHANA

This research is being conducted in partial fulfillment of the requirements for the award of Master in Business Administration degree (KNUST School of Business). All information received would be used only for academic purposes and treated with strict confidentiality. Please tick in the box where appropriate .You may also be required to complete the open ended questions in the spaces provided. Thank you.

SECTION A DEMOGRAPHICS

1) Age a) 18- 30 b) 31 - 40 c) 41 -50 d) 51-60 e) 61+

2) Level of Education a) None b) Basic c) Secondary d)

Tertiary

e) Professional

3) Gender a) Male b) Female

4) Income level a) Less than 100Ghs b) 100 – 300Ghs

c) 400- 800Ghs d)800 – 1000Ghs e) More than 1000Ghs

5) Years of relationship with BEIGE Capital.....

6) Status with Beige Capital

a) Staff

b) Customer

SECTION B TYPES OF FINANCIAL SUPPORT AND VALUE ADDED TO BUSINESS

This section examine the type of financial support or Products customers receive from BEIGE Capital and investigate value added to customers businesses after subscribing to BEIGE Capital microcredit facilities.. Please indicate your level of agreement or disagreement with the following statements by ticking the appropriate box against each question using YES or NO and the Likert-Scale provided.

5) Does BEIGE Capital provides financial support services to customers?

YES =1

NO =2

If YES

6) Do you use any of the financial support services provided YES =1 NO =2

7) Which of these financial support services do you use in Beige Capital?

i. Loan products

ii. Deposit products

iii. Advisory service

iv. Others- specify

How often do you provide/patronize these microcredit services?

Never Rarely Sometimes Frequently Always

8. Savings account and Susu account

9. Investment Product

10. Microcredit /loans account

11. Technical advice/ support services

12. Others

13- 22

	ITEMS	Strongly Agree	Agree	Not Sure	Disagree	Strongly Disagree
13.	Accessibility of credit in Beige capital is easy.					
14.	Microcredit products in Beige Capital meets my business needs					
15	The credit process in Beige is timely.					
16.	Microcredit received in Beige added value to my business					
18	Service delivery in Beige capital is the best					
20	My working capital has increased after assessing credit in Beige Capital					
21	The credit I received was not in default					

22	I am satisfied with the products and services I receive from Beige Capital					
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SECTION C: CHALLENGES FACING BEIGE CAPITAL IN LOAN

DISBURSEMENT

23) What was your business cycle before you received credit from beige

- a) Once a week b) Twice a week c) Three times a week
d) Four times a week e) Others please specify.....

24) What was your business cycle after you received credit from beige

Once a week b) twice a week c) monthly others.....

23) What are some of the challenges you encounter in an attempt to provide or access any of the services and products in BEIGE Capital?

- a) Frequent breakdown of ATM machines =1 b) Poor internet connectivity =2
c) Poor customer service=3 c) High interest rate=4
d) High administrative cost of MFs=5 e) others..... =6

24) Rate how the microcredit services provided by BEIGE Capital has helped in your business or entrepreneurship development

Excellent [] = 1 Very Good [] = 2 Good [] = 3 Neutral [] = 4

Bad [] = 5 Very Bad [] = 6

25) Any additional information or comments that could be of help to this study based on the topic provided could be supplied below.

.....
.....

THANK YOU.

APPENDIX II

TABLES OF OUTPUT

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 -30 years	25	12.5	12.5	12.5
	31 - 40 years	87	43.5	43.5	56.0
	41 - 50 years	57	28.5	28.5	84.5
	51- 60 years	22	11.0	11.0	95.5
	61+ years	9	4.5	4.5	100.0
	Total	200	100.0	100.0	

Level of Education					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None	7	3.5	3.5	3.5
	Basic	16	8.0	8.0	11.5
	Secondary	43	21.5	21.5	33.0
	Tertiary	102	51.0	51.0	84.0
	Professional	32	16.0	16.0	100.0
	Total	200	100.0	100.0	

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	105	52.5	52.5	52.5
	Female	95	47.5	47.5	100.0
	Total	200	100.0	100.0	

Years of Relationship with BEIGE Capital					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1 year	13	6.5	6.5	6.5
	1 - 3years	12	6.0	6.0	12.5
	4 - 6 years	52	26.0	26.0	38.5
	7 - 10 years	97	48.5	48.5	87.0
	More than 10 years	26	13.0	13.0	100.0
	Total	200	100.0	100.0	

Income Level Per Month					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 100 cedis	10	5.0	5.0	5.0
	100 - 300 cedis	22	11.0	11.0	16.0
	400 - 600 cedis	34	17.0	17.0	33.0
	800- 1000 cedis	83	41.5	41.5	74.5
	More than 1000 cedis	51	25.5	25.5	100.0
	Total	200	100.0	100.0	

Does BEIGE Capital provide financial support services to customers					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	190	95.0	95.0	95.0
	No	10	5.0	5.0	100.0
	Total	200	100.0	100.0	

Do You Access Any of The Financial Support Services Provided					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	139	69.5	69.5	69.5
	No	61	30.5	30.5	100.0
	Total	200	100.0	100.0	

Which of The Financial Support Service Do You Access From BEIGE Capital					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Loan Product	135	67.5	67.5	67.5
	Deposit Product	45	22.5	22.5	90.0
	Advisory Service	15	7.5	7.5	97.5
	Others	5	2.5	2.5	100.0
	Total	200	100.0	100.0	

How Often Do You Provide/Access Savings/Susu Accounts					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	5	2.5	2.5	2.5
	Rarely	8	4.0	4.0	6.5
	Sometimes	19	9.5	9.5	16.0
	Frequently	60	30.0	30.0	46.0
	Always	108	54.0	54.0	100.0
	Total	200	100.0	100.0	

How Often Do You Provide/Access Investment Product					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	9	4.5	4.5	4.5
	Rarely	19	9.5	9.5	14.0
	Sometimes	83	41.5	41.5	55.5
	Frequently	86	43.0	43.0	98.5
	Always	3	1.5	1.5	100.0
	Total	200	100.0	100.0	

How Often Do You Provide/Access Microcredit/Loan Account					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	10	5.0	5.0	5.0
	Rarely	17	8.5	8.5	13.5
	Sometimes	29	14.5	14.5	28.0
	Frequently	103	51.5	51.5	79.5
	Always	41	20.5	20.5	100.0
	Total	200	100.0	100.0	

How Often Do You Provide/Access Technical Support Service					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	5	2.5	2.5	2.5
	Rarely	17	8.5	8.5	11.0
	Sometimes	133	66.5	66.5	77.5
	Frequently	31	15.5	15.5	93.0
	Always	14	7.0	7.0	100.0
	Total	200	100.0	100.0	

There is Easy Accessibility Of Credit At BEIGE Capital					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	47	23.5	23.5	23.5
	Agree	126	63.0	63.0	86.5
	Not Sure	7	3.5	3.5	90.0
	Disagree	10	5.0	5.0	95.0
	Strongly Disagree	10	5.0	5.0	100.0
	Total	200	100.0	100.0	

Microcredit Product At BEIGE Capital Meets Business Needs					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	35	17.5	17.5	17.5
	Agree	115	57.5	57.5	75.0
	Not Sure	21	10.5	10.5	85.5
	Disagree	22	11.0	11.0	96.5
	Strongly Disagree	7	3.5	3.5	100.0
	Total	200	100.0	100.0	

The Credit Processs In BEIGE Capital Is Timely					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	41	20.5	20.5	20.5
	Agree	104	52.0	52.0	72.5
	Not Sure	18	9.0	9.0	81.5
	Disagree	31	15.5	15.5	97.0
	Strongly Disagree	6	3.0	3.0	100.0
	Total	200	100.0	100.0	

Microcredit Received Has Added Value To My Business					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	84	42.0	42.0	42.0
	Agree	97	48.5	48.5	90.5
	Not Sure	7	3.5	3.5	94.0
	Disagree	8	4.0	4.0	98.0
	Strongly Disagree	4	2.0	2.0	100.0
	Total	200	100.0	100.0	

Service Delivery At BEIGE Capital Is The Best					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	76	38.0	38.0	38.0
	Agree	68	34.0	34.0	72.0
	Not Sure	9	4.5	4.5	76.5
	Disagree	36	18.0	18.0	94.5
	Strongly Disagree	11	5.5	5.5	100.0
	Total	200	100.0	100.0	

Working Capital Has Improved After Accessing Microcredit From BEIGE Capital					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	93	46.5	46.5	46.5
	Agree	64	32.0	32.0	78.5
	Not Sure	9	4.5	4.5	83.0
	Disagree	23	11.5	11.5	94.5
	Strongly Disagree	11	5.5	5.5	100.0
	Total	200	100.0	100.0	

The Credit Received Was Not In Default					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	44	22.0	22.0	22.0
	Agree	109	54.5	54.5	76.5
	Not Sure	24	12.0	12.0	88.5
	Disagree	15	7.5	7.5	96.0
	Strongly Disagree	8	4.0	4.0	100.0
	Total	200	100.0	100.0	

Level of Satisfaction With The Products And Services Received From BEIGE Capital					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	68	34.0	34.0	34.0
	Agree	99	49.5	49.5	83.5
	Not Sure	13	6.5	6.5	90.0
	Disagree	12	6.0	6.0	96.0
	Strongly Disagree	8	4.0	4.0	100.0
	Total	200	100.0	100.0	

Level of Business Cycle Before Accessing Credit From BEIGE Capital					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once A Week	139	69.5	69.5	69.5
	Twice A Week	30	15.0	15.0	84.5
	Three Times A Week	12	6.0	6.0	90.5
	Four Times A Week	10	5.0	5.0	95.5
	Others	9	4.5	4.5	100.0
	Total	200	100.0	100.0	

Level of Business Cycle After Accessing Credit From BEIGE Capital					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once A Week	14	7.0	7.0	7.0
	Twice A Week	5	2.5	2.5	9.5
	Three Times A Week	111	55.5	55.5	65.0
	Four Times A Week	56	28.0	28.0	93.0
	Others	14	7.0	7.0	100.0
	Total	200	100.0	100.0	

Challenges Encountered When Providing or Accessing Credit At BEIGE Capital					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Frequent Breakdown of ATM	22	11.0	11.0	11.0
	Poor Internet Connectivity	11	5.5	5.5	16.5
	Poor Customer Service	20	10.0	10.0	26.5
	High Interest Rate	72	36.0	36.0	62.5
	High Administrative Charges	61	30.5	30.5	93.0
	Others	14	7.0	7.0	100.0
	Total	200	100.0	100.0	

Rate How BEIGE Capital Microcredit Has Helped In Business/Entrepreneurship Development					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Excellent	37	18.5	18.5	18.5
	Very Good	67	33.5	33.5	52.0
	Good	62	31.0	31.0	83.0
	Neutral	19	9.5	9.5	92.5
	Bad	10	5.0	5.0	97.5
	Very Bad	5	2.5	2.5	100.0
	Total	200	100.0	100.0	