UNIVERSITY OF CAPE COAST

ACCESS TO MICROFINANCE BY SMALL AND MEDIUM ENTERPRISES IN THE ACCRA METROPOLIS

BY

JERRY NII TACKIE-YARBOI

AUGUST 2014

UNIVERSITY OF CAPE COAST

ACCESS TO MICROFINANCE BY SMALL AND MEDIUM ENTERPRISES IN THE ACCRA METROPOLIS

BY

JERRY NII TACKIE-YARBOI

Dissertation submitted to the Department of Management Studies of the School of Business, University of Cape Coast in partial fulfillment of the requirements for award of Master of Business Administration degree in Entrepreneurship and Small Enterprise Development

AUGUST 2014

DECLARATION

Candidate's declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this University or elsewhere.

Name: Jerry Nii Tackie-Yarboi

Signature ……………………………….. Date ……………………………...

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Name: Mr. Francis Boachie-Mensah

Signature …………………………………. Date: ……………………………

ABSTRACT

This study examined access to microfinance by Small Medium Enterprises (SMEs) in the Accra metropolis. A survey was therefore designed to evaluate the access to SMEs in the metropolis of Accra. The population of the study was 50, which comprised SMEs and Microfinance Institutions (MFIs). A sample of thirty-four SMEs and 6 MFIs were used for the study. An interview guide and a questionnaire were used separately to collect data from MFIs and SMEs. The return rate of data was 6 (75%) for MFIs and 44(88%) for SMEs. Data collected was analysed manually and electronically. The statistical product and service solution was used for the electronic analysis in which descriptive statistical tools was used for data presentation and discussion.

Results of the study indicated that access to MFIs by SMEs positively reflected on the social and economic lives and their operations. The businesses were able to increase their capital, assets and expanded SMEs which reflected in their social lives. Employment opportunities and saving culture of SMEs was enhanced. In spite of the benefits, there were some challenges which included repayment difficulties, payment of multiple taxes, and lack of market for products and services plus high lending interest rate.

The study therefore recommends the need to put in measures like reduction in high interest rate, training of managers of SMEs on proper business practices including proper financial accounting of their business transactions.

ACKNOWLEDGEMENTS

I would like to express my profound gratitude to my supervisor Mr. Francis Boachie -Mensah for his guidance and constructive criticism in the course of this work. Mrs. Christie Okae-Anti, the Deputy Registrar (Human Resource), University of Education, Winneba and Dr. Kwaku Ayim Boakye, University of Cape Coast were very supportive of my efforts. I am grateful to them.

Next, is the SMEs and MFIs used for the study, I wish to thank them for the information provided and their co-operation. I wish also to acknowledge all authors of various research works and articles cited in my work. Finally, I am grateful to Nii Yaote OtoGa I, for his understanding and co-operation.

DEDICATION

To Aldina, Daniel and Jerry Jnr.

TABLE OF CONTENTS

CHAPTER FOUR RESULTS AND DISCUSSION

CHAPTER FIVE SUMMARY, CONCLUSION AND RECOMMENDATION

APPENDICES

LIST OF TABLES

LIST OF FIGURES

LIST OF ABBREVIATION AND ACRONYMS

BOG	Bank of Ghana
CBPs	Capacity Building Providers
CGAP	Consultative Group to Assist the Poor
FFIs	Formal Financial Institutions
FNGOs	Financial Non-Governmental Organization
FUSMED	Fund for Small and Medium Enterprise Development
GDP	Gross Domestic Product
MASLOC	Microfinance for Small Loans Centre
MBAC	Metropolitan Business Advisory Centre
MFIs	Microfinance Institutions
MSME	Micro, Small and Medium Enterprises
NBSSI	National Board for Small Scale Industries
NGOs	Non-Governmental Organization
OECD	Organization for Economic Cooperation and Development
PEED	Private Enterprise and Export Development
SMEs	Small and Medium/Micro Enterprises
SPSS	Statistical Product and Services Solution
SSA	Sub-Saharan African

CHAPTER ONE

INTRODUCTION

Background of the study

The concept of microfinance has operated for centuries in different parts of the world. It consists of small loans provided to Small and Micro Enterprises (SMEs). Microfinance dates back in the 19th century when moneylenders were informally performing the role now played by financial institutions. The informal financial institutions constitute; village banks, cooperative unions, state owned banks and social venture capital funds to help the poor. These informal financial institutions were known by varied names such as, "cheetu", in Indonesia and India, in Sri Lanka, "tontines'', in West Africa ''susu'' and "pasanaku" in Bolivia (Microfinance Barometer, 2013).

Over the past decades, several growth approaches have been formulated by policymakers, international development agencies; non-governmental organisations intended to improve poverty reduction in Ghana and other developing countries. One of these approaches, which has become increasingly popular since the early 1990s, encompasses microfinance schemes. The scheme provides financial facilities and other services in the form of savings and credit opportunities to the working poor (Johnson & Rogaly, 1997).

According to Asiama & Osei (2007), microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. Undeniably, this service described by Asiama and Osei (2007) is not new in this country. There has always been the practice of people saving and/or taking small loans from individuals and groups within the setting of self-help to start businesses or farming ventures. Over the years, the microfinance sector has succeeded and progressed into its current state, due to various financial sector policies and programmes undertaken by different governments since independence.

Small and Micro Enterprises (SMEs) are the backbone of many economies including Ghana and other Sub-Saharan African (SSA) countries. They hold the key to possible stimulation of economic development and the riddance of poverty on a sustainable basis. Despite the significant role of the SMEs in the Ghanaian economy, they are deprived of adequate government support, especially the form of credit, from institutionalized financial service organizations that provide funds to businesses (Steel & Andah, 2003).

SMEs are generally assumed to have very limited access to deposit, credit facilities and other financial services provided by Formal Financial Institutions (FFIs). This is because these cannot provide the necessary collateral securities required by these formal financial institutions and the high credit recovery risk associated with offering credit to these SMEs by the banks. Besides, the associated risks involved in lending to SMEs make it unattractive to the banks to deal with micro and small enterprises. Empirically, SMEs are reported to have high failure rates, making it difficult for lenders to assess accurately the viability of their enterprises, the abilities of the entrepreneur, and the likelihood of repayment (Steel & Andah, 2003).

Microfinance Institutions (MFIs) have become progressively important in providing financial support and other services to SMEs focused on reducing poverty and ensure the economic survival of the poorest of the poor. There are an estimated 2.5 billion financially excluded adults today, with almost eighty percent of those living under $2 per day having no accounts at formal financial institutions (Microfinance Barometer, 2013). This holds back the fulfillment of the World Bank Group's goals of eradicating extreme poverty by 2030 and increasing the share of income held by the bottom 40 percent of the population. The World Bank reports that three-quarters of the world's poor lack a bank account because of poverty, costs, travel distances and the often burdensome requirements involved in opening an account. Only 25 percent of adults earning less than $2 a day have saved money at a formal financial institution. Being "unbanked" is linked to income equality: The richest twenty percent of adults in developing countries are more than twice as likely to have a formal account (worldbank.org, 2014).

A study by Basu, Blavy & Yulek (2004) revealed that only 5 - 6% of the population is reported to have access to formal banking facilities in Ghana. In the 2000 Population and Housing Census report of Ghana, about 80% of the working population were found in the private informal sector. This group is characterized by credit inaccessibility, which limits the development and growth of that sector of the economy. Asiama and Osei (2007) asserted that access to microfinance is imperative for the development of the informal sector and also supports to mop up excess liquidity through savings that can be made available as investment capital for national development. It is known that loans advanced by microfinance institutions are normally for purposes such as housing, petty trading, and farming and as a start-up capital for their businesses.

According to Otero (1989), SMEs in Ghana have the propensity to serve as the main sources of livelihood to the poor, create employment opportunities, generate income and contribute to economic growth. Microfinance is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Studies by Littlefield and Rosenberg (2004) argued that the poor are generally excluded from the financial services sector of the economy.

By addressing this gap in the market, in a financially sustainable way, an MFI can become part of the formal financial system of a country and so can access capital markets to fund their lending portfolios, allowing them to dramatically increase the number of poor people they can reach (Otero, 1989). In any country, there are underserved enterprises and households, ranging from the ultra-poor who may not be economically active, to small growing enterprises that provide employment in their communities. This range or continuum constitutes the demand size for micro finance services. Often, the supply side does not offer a corresponding continuum services. Microfinance institutions need to supply services that fill the gaps and integrate the underserved group into the market.

Problem statement

As in other countries in the world, SMEs in Ghana have the tendency to serve as sources of livelihood to the poor, create employment opportunities, generate income and contribute to economic growth. Despite micro-finance increasing roles, access to credit by SMEs remains one major constraint. Some microfinance institutions also believe that credit obtained by SMEs is misappropriated. Another constraint of most SMEs is the lack of managerial and business skills. There is the need to build these capacities in addition to financial resources in order to achieve growth. Nonetheless, the wide presence of micro-finance firms does not correspond with the extent of reduction in the major challenges that affect the growth of SMEs in the country (Asiama & Osei, 2007). This study, therefore, seeks to find out the extent to which the assertion applies to SMEs in Accra Metropolis in accessing microfinance. The criteria use by SMEs to access finance and various sources of business capital for SMEs

Objectives of the study

The main objective of the study was to assess the relevance of microfinance institutions on the development of SMEs in the Accra Metropolis. Specifically, the study sought:

1. To identify criteria that enable SMEs to access microfinance.
2. To find out the various sources of business capital for SMEs in Accra metropolis.
3. To identify the challenges that confront SMEs in accessing microfinance facilities

in the Accra metropolis business centre.

Research questions

The study sought to address the following questions

1. What are the criteria use by SMEs to access microfinance facilities?
2. What are the various sources of business capital for SMEs in the Accra metropolis?

3. What are some of the challenges that confront SMEs in accessing credit from MFIs in the Accra metropolis?

Significance of the study

The results of the study would help address the gap that SMEs experience in accessing microfinance. The outcome would also help policy makers in fashioning out pragmatic ways in assisting SMEs financing. The study would also come out and assist microfinance with other sources of mobilizing of funds to help to improved their outreach in assisting SMEs. Finally the study will add to existing literature in the study of SMEs and access to microfinance in Accra metropolis.

Scope of the study

The scope of the study was limited to SMEs in Accra Metropolis in accessing micro finance. The study population was randomly selected which assisted the researcher to know the criteria use by SMEs to access microfinance facilities. The various sources of business capital and the challenges that confront both SMEs and microfinance institution and pragmatic ways to improved the linkage between the institutions. In Ghana a lot of research literature have been in the area of microfinance and SMEs but it seen that access to microfinance by SMEs have a deficit therefore the study seeks to find the gap in SMEs accessing microfinance

Organization of the study

The study report involves five chapters, with the first chapter providing an introduction, involving the background of the study, statement of the problem, objectives, and research questions, significance of the study, scope and delimitation of study, and organization of the study. Chapter two captures the relevant literature on SMEs, MFIs, and microfinance institutions on the development of small medium enterprises. Chapter three describes the methods used. Chapter four is the analysis and discussion of data collected and, lastly, chapter five is summary, conclusion and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter captures the relevant literature on the concepts of small and medium enterprises and microfinance; global perspective; overview of microfinance in Ghana; small and medium enterprises access to microfinance in Ghana; funding for SMEs and challenges of small and medium enterprises access to microfinance in Ghana.

Concept of small and medium enterprises and microfinance

Small and medium enterprise

The economic transformation occurring around the globe dictates the emergence of the small and medium enterprises. The market demands for the availability of several differential products makes customized and not mass production to be an appropriate production plan. This can be done via small and medium enterprises (Michel, 2011). Small and medium scale enterprises are terms that are universally accepted, but when it comes to their distinction, there are differences.

In Europe, Yaron, Benjamin and Piperk (1997) indicated that small and medium-sized enterprises are defined according to their staff headcount and turnover or annual balance-sheet total. Consequently, a medium-sized enterprise is defined as an enterprise which employs fewer than 250 persons and whose annual turnover does not exceed €50 million or whose annual balance-sheet total does not exceed €43 million. On the other hand, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10million., J., Benjamin, M., & Piperk, G. (1997) further emphasized that a microenterprise is defined as an enterprise which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed €2million.

In defining small scale enterprises in Ghana, Steel and Webster (1991), and Osei, Baah-Nuakoh, Tutu, and Sowa (1993) used an employment cut-off point of 30 employees. A study by Osei et al., (1993), however, classified small-scale enterprises into three categories. These are: (i) micro - employing less than 6 people; (ii) very small - employing 6-9 people; (iii) small - between 10 and 29 employees. A more recent definition is the one given by the Regional Project on Enterprise Development Ghana manufacturing survey paper. The survey report classified firms into: (i) micro enterprise, less than 5 employees; (ii) small enterprise, 5-29 employees; (iii) medium enterprise, 30–99 employees; (iv)large enterprises 100 and more employees (Teal, 2002).

Given this overview of SMEs definition, the general consensus has been that the statistical definition of SMEs differs by country and mostly based on the number of employees or the value of assets. Nonetheless, one should not be overly concerned about the lack of consistency in employment based SMEs definitions, since the number of employees viewed in isolation from the size of markets or the economy may be misleading. It is clear from the exposition of the various definitions that there is not a general consensus over what constitutes SMEs. Definitions vary across industries and also across countries. In this study, the definition of the National Board for Small scale

Industries (NBSSI) was adopted for the purpose of this research. These indicators are fixed assets and number of employees. SMEs not only contribute significantly to improved living standards, employment generation and poverty reduction, but they also bring about substantial domestic or local capital formation and achieve high levels of productivity and capability.

Microfinance

The term ‘microfinance’ refers to the full range of financial services that low-income people use, including not only credit but also savings, insurance and money transfers (Rosenberg, 2010). It is also defined as a development tool that grants or provides financial services and products such as very small loans, savings, micro-leasing, micro-insurance and money transfer to assist the very or exceptionally poor in expanding or establishing their businesses. It is mostly used in developing economies where SMEs do not have access to other sources of financial assistance (Robinson, 2002). In addition to financial intermediation, some MFIs provide social intermediation services such as the formation of groups, development of self confidence and the training of member in that group on financial literacy and management.

There are different providers of microfinance (MF) services and some of them are: nongovernmental organisations (NGOs), savings and loans cooperatives, credit unions, government banks, commercial banks, or non bank financial institutions. For the purpose of this study, the concept chosen will be financial intermediation by MFIs. Microfinance clients are typically self-employed, low-income entrepreneurs in both urban and rural areas. Clients are often traders, street vendors, service providers (hairdressers, tricycle operators), small restaurant operators, artisans and cottage industries. Usually, their activities provide a stable source of cash flow and income (often from more than one activity) (Jain, 2000).

Objectives of micro finance institutions

Selecting a target market depends on the micro service provider and the perceived demand for financial services. In any country, there are underserved enterprises and households, ranging from the ultra-poor who may not be economically active, to small growing enterprises that provide employment in their communities. This range or continuum constitutes the demand size for micro finance services. Often, the supply side does not offer a corresponding continuum services. Microfinance institutions need to supply services that fill the gaps and integrate the underserved group into the market.

The goal of microfinance institutions as development organization is to service the financial needs have served and underserved market as a means of meeting development objectives. These development objectives generally include one or more of the following; to reduce poverty: to empower women or other disadvantaged population groups; to create employment; to help existing business grow or diversify their activities and to encourage the development of a new business (World Bank, 1994).

In a World Bank study of lending for SMEs projects, three objectives were most frequently cited; these include: to create employment and income opportunities through the creation and expansion of microenterprises; to increase the productivity and income of vulnerable groups, especially women and the poor and to reduce rural families dependence on drought prone crops through diversification of their income generating active (Yaron *et al*, 1997). Microfinance can promote higher investment leading to economic empowerment, which in turn promotes confidence and self-esteem, particularly for the vulnerable. In other words, microfinance creates access to productive capital for the poor (Asiama & Osei, 2007). It is, therefore, an instrument against poverty reduction and access to sustainable financial services(microfinance), increases income, build assets, reduce vulnerability, better nutrition, health and education (Srnec & Havrland, 2006).

Overview of microfinance-global perspective

One of the earlier and longer-lived micro credit organization providing small loans to rural poor with no collateral was the Irish Loan Fund system, initiated in the early 1700s by the author and nationalist Jonathan Swift. Swift's idea began slowly but by the 1840s had become a widespread institution of about 300 funds all over Ireland. Their principal purpose was making available small loans with interest for short periods (CGAP, 2006). Records from Global Envision (2006) indicated that in the 1800s, various types of larger and more formal savings and credit institutions began to emerge in Europe, organized primarily among the rural and urban poor.

These institutions were known as People's Banks, Credit Unions, and Savings and Credit Co-operatives. The concept of the credit union was developed by Friedrich Wilhelm Raiffeisen (1846) and his supporters. Their altruistic action was motivated by concern to assist the rural population to break out of their dependence on moneylenders and to improve their welfare. From 1870, the unions expanded rapidly over a large sector of the Rhine Province and other regions of the German States. The cooperative movement quickly spread to other countries in Europe and North America and, eventually, supported by the cooperative movement in developed countries and donors, also to developing countries.

According to Global Envision (2006), in Indonesia, the Indonesian People's Credit Banks (BPR) or The Bank Perkreditan Rakyat opened in 1895. The BPR became the largest microfinance system in Indonesia with close to 9,000 units. In the early 1900s, various adaptations of these models began to appear in parts of rural Latin America. While the goal of such rural finance interventions was usually defined in terms of modernizing the agricultural sector, they usually had two specific objectives: increased commercialization of the rural sector, by mobilizing "idle" savings and increasing investment through credit, and reducing oppressive feudal relations that were enforced through indebtedness. In most cases, these new banks for the poor were not owned by the poor themselves, as they had been in Europe, but by government agencies or private banks.

Further readings from Global Envision (2006) show that between the 1950s and 1970s, governments and donors focused on providing agricultural credit to small and marginal farmers, in hopes of raising productivity and incomes. These efforts to expand access to agricultural credit emphasized supply-led government interventions in the form of targeted credit through state-owned development finance institutions, or farmers' cooperatives in some cases, that received concessional loans and on-lent to customers at below-market interest rates. These subsidized schemes were rarely successful. Rural development banks suffered.

Meanwhile, starting in the 1970s, experimental programess in Bangladesh, Brazil, and a few other countries extended tiny loans to groups of poor women to invest in micro-businesses. This type of microenterprise credit was based on solidarity group lending in which every member of a group guaranteed the repayment of all members. These "microenterprise lending" programs had an almost exclusive focus on credit for income generating activities (in some cases accompanied by forced savings schemes) targeting very poor (often women) borrowers (CGAP, 2006).

Overview of microfinance in Ghana

The concept of microfinance is not new in Ghana. Traditionally, people have saved with and taken small loans from individuals and groups within the context of self-help to start businesses or farming ventures. Available evidence suggests that the first Credit Union in Africa was established in Northern Ghana in 1955 by Canadian Catholic Missionaries. However, Susu, which is one of the current microfinance methodologies, is thought to have originated from Nigeria and spread to Ghana in the early twentieth century.

In Ghana, the term microfinance is understood as a sub-sector of the financial sector, comprising most different financial institutions which use a particular financial method to reach the poor. Microfinance sector in Ghana comprises various types of institutions and these have been grouped into four (4) categories, namely: Formal suppliers such as savings and loans companies, rural and community banks, as well as some development and commercial banks; Semi-formal suppliers such as credit unions, financial non-governmental organizations (FNGOs), and cooperatives; Informal suppliers such as susu collectors and clubs, rotating and accumulating savings and credit associations (ROSCAs and ASCAs), traders, moneylenders and other individuals and public sector programs that have developed financial and nonfinancial services for their clients (Asiama & Osei, 2007).

Over the years, the microfinance sector has thrived and evolved into its current state due to various financial sector policies and programs undertaken by different governments since independence.

Funding for SMEs

Asiama and Osei (2007) posited that funding for the sub-sector has been from three sources: the institutions themselves, government, and development partners. Firstly, available funds have not fully 'met the needs for developing and expanding the sub-sector; and, secondly, the varying sources come with their conditions, and distort the market in some cases. There is considered to be a need for a central microfinance fund to which MFIs can apply for on-lending and/or capacity building support, building on experience such as the Training Fund under the Rural Financial Services Project. The Bank of Ghana's history of promoting the financing of Micro, small and medium enterprises (MSME) began from the Credit Guarantee for Small Borrowers scheme in 1969 through the Development Finance Department of the Bank.

The Bank was further instrumental in administering the IDA-financed Fund for Small and Medium Enterprise Development (FUSMED) Project, and also with the Private Enterprise and Export Development (PEED) Project, as well as other direct projects that were ended after BOG decided to focus on its core areas of operation.

Alternative sources of financing SMEs in Ghana

Although the banking sector is the largest and most important source of external for SME, by and large, it is believed to be under-serving the needs of the sector. SMEs alternatively draw financing from a variety of sources. According to OECD (2006), small firms rely proportionally more on non-bank sources of financing such as internal funds (savings, retained earnings, family networks) and the informal sector (money lender), as a result of their inability to produce the collateral requested by the commercial banks (Satta, 2003). The informal sector is the main channel of credit for SMEs in ASEAN countries. According to RAM Consultancy Service (2005), cited in Christopher (2008), the informal sector is the main channel fund up to 70-80% of SMEs need in Vietnam compare to 20-30% funded by formal channel.

There is scarcely a firm in the world that does not use overdraft facilities to manage its way through business cycles (CGAP, 2006). Banks prefer overdraft and short term loans for the simple reasons that (i) they are easily rolled over, (ii) they attract almost market interest rates and (iii) they are fully collateralized. Firms always rely on overdraft to finance long-term investments, and these have to be fully collateralized. Moreover, their average interest rates on overdraft are 23.5 percent, similar to short term bank loans. The difference in the average interest rate on overdraft between the very large firms and the micro firms is over 5 percent. This suggests that the interest rate differential reflects a risks premium and not just high cost of administering small loans (RPED/ World Bank, 2002).

Globally, leasing is another widely-used service for SMEs. Though not new in Ghana, most firms are not abreast of the laws relating to leasing and its benefits, thus constraining development of this sector. Leasing is a loan on fixed asset and it is known as ‘ijarah’ under Islamic bank management. Although leasing can reduce risk effectively for credit institutions, but their growth are majorly hampered by various factors, including the lack of a coherent legal framework for leasing transactions; widespread problems of contract enforcement; difficulties in repossessing lease equipment from defaulters, and a lack of domestic long-term funds to finance leasing.

Venture Capital (VC) or risk capital is the name given to equity investment in businesses by outsiders who are not the main owners. Venture capital investments participate in the risk of success and failure of a business and because they face such risk, it is expected that they will look for high returns. Venture capitalist nurture enterprise in their early stages, typically when the marketing of the new product is launched. In contraction, OECD (2006) posits that venture capitalist often enter the firm at the middle to later stages of its life cycle. In all, venture capital fosters growth in companies through hand-on involvement in financing, management, and technical support.

There are many venture capital schemes in many Asian countries. Japan, Korea, Hong Kong, and Singapore are many venture capital activities in the region. About 35% of SMEs in Singapore meet their funding through venture capital. However, the availability of venture capital in other ASEAN countries such as Vietnam and Laos for instance are limited. In Africa, there is little experience of venture capital although there has been a start in some countries like Nigeria(RAM Consultancy Service, 2005 cited in Christopher, 2008).

Access to microfinance products and services for SMEs performance

According to Ledgerwood (1999), MFIs can offer their clients who are mostly men and women who could be below or slightly above the poverty line a variety of products and services. The most prominent of their services is financial, that they often render to their clients without tangible assets. Various researches have indicated that microfinance is potential tool to contribute considerably to the economic development of nations. Therefore, by extending credit to SMEs, it will enhance their performance and also offer so many benefits i.e. creation of employment, expanding business, improving standard of living, capacities in investing in the country hence development of the nation.

Below are some MFIs which provide financial services to aid performance of SMEs:

MASLOC's specific strategy towards microfinance is unique in that they link large corporate customers to microfinance loan customers. It encourages and expands access to microfinance in SMEs development. This institution also aims at helping SMEs to expand their businesses up to a point of becoming viable ones. Similar data provided during the survey indicated microfinance products offered at HFC are savings deposits, group and individual micro enterprise loans. It is one of the commercial bank that provides microfinance and has seen a great amount of success in its operations due to the turnover and expansion of most SMEs who were offered loans and other advisory services in the performance of their businesses. Some of the funds made available to the SMEs went into adopting modern technology in their production setup which increased output, quality and final packaging. SMEs products then become competitive and their market bases broaden with increase revenue or profitability(www.masloc.gov.gh).

In discussing access to microfinance by SMEs and its performance in Ghana, one has to take a look at the products and services provided SMEs by MFIs. These services provided to MFIs clients can be put into four broad different categories:

1. Financial intermediation or the provision of financial products and services such as savings, credit, insurance.

2. Social intermediation, the process of building human and social capital needed by sustainable financial intermediation for the poor.
3. Enterprise development services or non financial services that assist microentrepreneurs include skills development, business training, marketing and technology services.
4. Social services or non financial services that focus on advancing the welfare of micro entrepreneurs and this include education, health, nutrition and literacy training (Ledgerwood, 1999).

Financial intermediation

MFIs' main objective is to provide financial intermediation, which involves the transfer of capital or liquidity from those who have excess to those who are in need both at the same time. Finance in the form of savings and credit arises to permit coordination. Savings and credit are made more efficient when intermediaries begin to transfer funds from firms and individuals that have accumulated funds and are willing to shed liquidity, to those that desire to acquire liquidity (Von Pischke, 1991, p.27). It is usually known that almost all MFIs provide credit services. The common products that MFIs provide include credit, savings, insurance credit cards and payment services. Theses points are briefly described and also show how requirements for financial services are provided to SMEs.

Credit: These are borrowed funds with specified terms for repayment. People borrow when there are insufficient accumulated savings to finance a business. They also take into consideration if the return on borrowed funds exceeds the interest rate charged on the loan and if it is advantageous to borrow rather than to postpone the business operations until when it is possible to accumulate sufficient savings, assuming the capacity to service the debt is certain (Waterfield & Nick, 1996). Savings*:* Savings mobilization in microfinance is a very controversial issue. There has been increase awareness among policymakers and practitioners on the vast number of informal savings schemes. MFIs such as credit union organisations around the world have been very successful in rallying clients to save (Paxton, 1996a).

Insurance*:* This is one of the services and products that are experimented by MFIs. Here, insurance companies fund small firms especially real estate ventures. The said business owners can go directly to the company or engaged in debt financing (Megginson, Byrd & Megginson, 2000). Credit cards*:* The credit cards are among the types/sources of debt financing method available to business entrepreneurs. These are cards that allow borrowers to have access to a line of credit if and when they need it. This card is also used to make purchase assuming the supplier of the goods will accept the credit card or when there is a need for cash. The card is also called a debit card when the client is accessing his or her own savings (Megginson, Byrd & Megginson, 2000).

Payment services: payment services include cheque cashing and cheque writing opportunities for clients who retain deposits (Caskey, 1994). In addition to cheque cashing and cheque writing privileges, payment services may be provided by phone companies (Rhyne & Otero, 2006).

MFIs services and their requirement

SMEs applying for loans are supposed to fulfill certain requirements before these loans are granted or otherwise. These requirements are used to mitigate the risk that may arise due to the perception of high risk and default rate among SMEs.

The Bank of Ghana (BOG) financial regulation and prudential guidelines mandates MFI board of directors to set the lending policies under the following criteria:

Criteria: Micro Financial Institutions are perceived to base their credit lending abilities on several criteria. Some of these are:

1. Collateral security which is either in a form of cash or moveable / unmovable chattels which must be insured.
2. Commitment and consistency in running ones account as to debit/credit turnover within three months.
3. The type of project undertaken by SMEs either short or long term.
4. Business plan and legal documentations on type of businesses as to the owners and their liabilities in case of loan default(www.bog.gov.gh).

Accessibility to funds: In assisting SMEs acquire funds, MFIs require the following:

1. The client must have an account with the institution
2. Client needs to operate the account for at least three months
3. Client cash flow in operating its account determines loan portfolio

Business Plan: Business plan gives an overview of the objectives, vision and mission of the SMEs in the short and long term and relates to financial commitments and forecast needed to realize business goals and the returns/income expected within a time frame that is a year or more. MFIs, therefore, expect such viable plans from SMEs which will enable them to access viability of the business and decide to offer financial and advisory support in enhancing SMEs performances (www.bog.gov.gh).

Geographic focus: MFIs serve both urban and rural areas but their focus is more in the rural areas. Products and services offered by the MFIs are aimed towards meeting the expectations of the target location or area. Markets are very important for MFIs irrespective of the area the SME is located. Microfinance institutions outreach are still largely concentrated in urban areas, with just under 40% of loans made for clients living in rural areas, representing only 20% of loan portfolio, versus 80% in urban area. Since most of the MFIs are mainly in the urban areas, it becomes easier to get the required information on SMEs on their guarantors, places of business, which can be cross checked with relevant institution, thus facilitate quicker loan processing and disbursements in relations to the viability of business operations (www.fgda.org).

Type of businesses: SMEs are financed differently and the financing is determined by whether the firm is in the start-up phase or existing one and also whether it is stable, unstable or growing. The type of activities that the business is involved in is also determined, and this can be: production, commercial or services activities. A study conducted by Anane, Cobbinah and Manu (2013) confirms the classification of SMEs into four categories based on their activities; services, trading, manufacturing and agro-processing.

Advisory and Extension Services: MFIs offer access to advisory and extension services to enhance the performance of SMEs. According to Amoateng, Cobbinah and Ofori-Kumah (2014), Metropolitan Business Advisory Centre (MBAC), a decentralised agency of the NBSSI, has been setup to provide advisory and extension services to SMEs in the Kumasi metropolis. According to the agency interviewees, the MBAC serves as the prime mover of practical support for the development and modernization of small scale businesses.

Barrier to rapid performance of SMEs

A major barrier to rapid performance of the SME sector is a shortage of both debt and equity financing. Accessing finance has been identified as a key element for SMEs to succeed in their drive to build productive capacity, to compete, to create jobs and to contribute to poverty alleviation in developing countries. Small business, especially in Africa, can rarely meet the conditions set by financial institutions, which see SMEs as a risk because of poor guarantees and lack of information about their ability to repay loans. Without finance, SMEs cannot acquire or absorb new technologies nor can they expand to compete in global markets or even strike business linkages with larger firms.

Many factors are believed to be responsible for the refusal of loans and equity fund to SMEs by formal banks. According to Cook and Nixson (2000), poor management and accounting practices are hampering the ability of smaller enterprises to raise finance. This is coupled with the fact that small businesses are mostly owned by individuals whose personal lifestyle may have far reaching effects on the operations and sustainability of such businesses. As a consequence of the ownership structure, some of these businesses are unstable and may not guarantee returns in the long run.

According to Kauffmann (2005), access to formal finance is poor because of the high risk of default among SMEs and due to inadequate financial facilities. However, Cressy and Olofsson (1997) sum up constraints facing SMEs into two: these include demand-based (SMEs) and supply-based (formal banks) financial constraints. The duo define a supply-side finance constraint as a capital market imperfection that leads to a socially incorrect supply of funds to projects, or the incorrect interest rate charged on funds. They further define a demand-side financial constraint as a capital market imperfection in which performance of a firm is adversely affected by a factor internal to the firm. Thus, for example, if the firm's owners would like to grow the firm faster, but the only way they can do this is to relinquish equity, and they refuse to do so, it may be said that the firm's demand for funds is demand-constrained.

Studies by Gockel and Akoena (2002), Aryeetey et al. (1994), and Steel and Webster (1991) have shown that access to microfinance by SMEs are hampered by a number of factors such as technology, regulatory issues, and access to international markets. The lack of managerial know-how places significant constraints on SME development. Even though SMEs tend to attract motivated managers, they can hardly compete with larger firms.

The scarcity of management talent, prevalent in most countries in the region, has a magnified impact on SMEs. Regulatory constraints also pose serious challenges to SME development and although wide ranging structural reforms have led to some improvements, prospects for enterprise development remain to be addressed at the firm-level. The high start-up costs for firms, including licensing and registration requirements, can impose excessive and unnecessary burdens on SMEs.

The high cost of settling legal claims, and excessive delays in court proceedings adversely affect SME operations. In the case of Ghana, the cumbersome procedure for registering and commencing business are key issues often cited. Abor and Quartey (2010) indicated that it takes 127 days to deal with licensing issues and there are 16 procedures involved in licensing a business in Ghana. It takes longer (176 days) in South Africa, and there were 18 procedures involved in dealing with licensing issues. Meanwhile, the absence of antitrust legislation favours larger firms, while the lack of protection for property rights limits SMEs' access to foreign technologies (Kayanula & Quartey, 2000).

Previously insulated from international competition, many SMEs are now faced with greater external competition and the need to expand market share. However, their limited international marketing experience, poor quality control and product standardisation, and little access to international partners, continue to impede SMEs' expansion into international markets (Aryeetey et al., 1994). They also lack the necessary information about foreign markets.

Another difficulty for SMEs emanates from low level production due to the use of obsolete equipment's which constantly breaks down. Productivity is adversely affected due to wastage in the chain of production. The resultant effect is the lay-off of employees which compound the deteriorating unemployment in the country and affect economic growth. According to a recent survey of retail financial services providers, lack of capacity remains a major bottleneck for scaling up and diversifying services. More than 40% the respondents said their main challenge is improving the capacity of their business. Capacity building needed includes not only advisory services, training and skill building, but also IT services, risk management, strategic planning, innovation and mid-level management skills, plus human resource functions and market research (www.fgda.org).

Providers of these services operate as a business, but have a hard time making profit. However, their biggest challenge is to keep up with the fast changing financial inclusion landscape: this was identified as the main challenge for 52% of surveyed capacity building providers (CBPs). The resultant effect CBP generally lack resources to invest in knowledge and specialized skills, particularly in small and fragmented markets, for instance, in Sub-Sahara Africa (SSA), where 45% of survey respondents were located. Many have difficulties finding and keeping qualified staff: this was identified as the main challenge by 51% of surveyed CBPs in SSA (www.fgda.org).

Access to MFIs by SMEs and its economic effects

On the average, SMEs represent over 90% of the enterprises and account for 50 to 60% employment in most African countries. According to Abor and Quartey (2010), cited in Ahiawodzi and Adade (2012), SMEs in Ghana have been noted to provide about 85% of manufacturing employment in Ghana. SMEs are also believed to contribute about 70% to Ghana's Gross Domestic Product (GDP) and account for about 92% of businesses in Ghana. Cobbold et al (2008), cited in Ahiawodzi and Adade (2012), argue that SMEs are particularly important in supporting economic growth and livelihoods in developing countries. There is also a consensus that if all stakeholders are to show serious commitment to the development of the SMEs sub-sector, it follows that the economy must necessarily witness meaningful transformation and prosperity.

Abor and Quartey (2010) described SMEs as an efficient prolific job creator, the seed of big businesses and the fuel of national economic engine. In Ghana, available data from the Registrar General's Department indicate that 90% of the companies registered are micro, small and medium enterprises. These target groups have been identified as catalyst for economic growth of the country as they are major sources of income and employment (Mensah, 2004).

By largely producing intermediate products for use in large-scale companies, SMEs contribute to the strengthening of industrial inter-linkages and integration. A vibrant, efficient and effective SMEs subsector would have many resultant benefits for stakeholders, employees, customers, employers as well as the entire economy's benefits. In respect of these prospective roles of the sector, successive governments in Ghana have continued to articulate policy measures and programs to achieve industrial growth and development, including direct participation, alone or jointly with the private sector, interest groups, assistance from external agencies, provision of industrial incentives and adequate finance as stated in the Ghana's Economic Recovery Programme (Ahiawodzi & Adade, 2012). However, the poor performance of the industrial sector, especially when emphasis was on large scale enterprises in the course of implementing the strategy of the Ghana government, led to the renewed emphasis or focus on the small and medium enterprises (SMEs) as the driving force in the industrial sector (Ahiawodzi & Adade, 2012).

A study on Africa entrepreneurs by International Finance Corporation (IFC), 2003 highlighted the successes of African Project Development Facility (APDF) assisted SMEs in a number of developing countries. For example, an egg producer in Ghana started with less than US$200, three chicken pens and 900 day-old chicks. The study indicates that the business grew to employ over 300 workers and has a turnover of US$1.5 million. Also, with US$100 personal savings, a garment maker in Botswana started an enterprise in a rented shed with sewing machines, and two apprentices but now operates a business that employs 65 workers. A Malawian left school at 18 to work as a self-employed tobacco grader, and become owner and managing director of four businesses engaged in tobacco growing and curing, commodity processing and exporting, property investment and importation of machinery with a turnover exceeding US$1,000,000.

According to the SMEs operators, despite the availability of the microfinance organization, only few SMEs operators access credit from it. They claimed that the microfinance organization charges high interest rates as well as demands collateral security, which many of the SMEs indicated they could not provide. (Abor, J. & Quartey, P. 2010). Advisory, managerial and training skills offered by government institutions such as NBSSI, MASLOC, EDIF have helped to improve the growth of SMEs. However, for a steady improvement and sustainability in SMEs, government must continuously review its fiscal and monetary policies and legal framework that would enable flexible access to funding for SMEs.

Summary

SMEs have been the backbone for economic development in terms of offering employment opportunities thus helping in generating income and improving the livelihood of people. Despite these economic indicators, access to financing and other sources of mobilizing funds had been a great obstacle in their growth. One of the avenues that have existed for sometime had been the microfinance institutions. Their main objectives among others are to offer financial and other services to the productive sector especially the SMEs. The main focus were to minimize the stringent requirements normally associated with the formal financial institutions which served as a major obstacle to their performance.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter presents the research methodology under the following subsections; the research design, target population, sample and sampling techniques, the research instruments, data collection procedure and data analysis.

Research approach

The study employed quantitative approach which entails a mathematical analysis. These were used to analyze the results from the data collected (Skinner, 2004). The information from the data were then used to generalize a particular situation been researched.

Study design

The study used a survey design to evaluate the access to microfinance by SMEs in the Accra metropolis. The survey was suitable owing to the fact that several SMEs were sampled. A survey refers to careful, detailed sample examination of the knowledge perception, attitudes and opinions of members of various publics. The general purposes of a survey were to obtain a better understanding of the reactions and preferences of a specific public or publics (Kothari, 2004). A survey design was particularly useful as the study sought to evaluate respondents' views on access to microfinance by SMEs.

Study area

The study area is the Accra Metropolis. The area is the hub of businesses including banks, shopping areas, transport stations, parking lots, private and government offices and markets. The area is the capital city of Ghana with all the available infrastructure.

Population of the study

The target population for this study was MFIs and SMEs in Accra metropolis Central Business Centre. Accra is the capital of the nation and available data from the Accra Office of the National Board for Small Scale Business Industries (NBSSI) showed that 500 businesses (SMEs) have registered with the Board from 2005 to August, 2012. In addition, a population of 31 registered Microfinance Institutions (MFIs) operate in the Accra metropolis, the central business area (www.bog.gov.gh). These institutions are registered with the Bank of Ghana. For the purpose of this study, only registered Microfinance Institutions were used. The data from NBSSI and BOG gives better distribution of SMEs and MFIs in the various regions, districts and metropolis within a range of seven years. These gives an equitable and meaningful data for the study.

Sampling and sampling procedures

Sampling is defined by Chandra and Sharma (2004) as a method used in drawing samples from a population usually in such a manner that the sample facilitated determination of some hypothesis concerning the population. This study sampled two categories of population required to provide information for the study. This includes MFIs and SMEs within Accra metropolis.

A simple random sampling technique was used to select a total of forty-four (44) SMEs out of fifty (50) SMEs which operates in the Accra metropolitan area, whereas six (6) Microfinance Institutions were randomly selected out of eight (8) MFIs within the same area. Simple random sampling was used because it gave all the respondents equal chance of being selected. Table 3.1 shows the details.

Table 3.1: Distribution of SMEs and MFIs by categories

Business category	**Population**	**88% Sampled size**
General traders	18	16
Food vendors	16	14
Hairdressers	6	5
Artisans	10	9
Business		75% Sampled size
MFI	8	6
TOTALS	**58**	**50**

Source: Fieldwork (2014)

Data collection issues

To facilitate the data collection process, an introductory letter was sought from the Department of Management Studies of the University of Cape Coast by the researcher which were given to the various SMEs and MFIs Human Resource Department . In the letter, the purpose of the study were stated and the cooperation of the SMEs and MFIs authorities were sought. To ensure effective collection of the needed data, visits were made personally to the selected SMEs and MFIs.

Instrument design

A questionnaire and interview schedule were designed for the study. The questionnaires were two and divided into two sections (a) and (b). The questionnaire for the MFIs'(Appendices A) section a dealt with the bio-data and section b dealt with close and open ended questions on the facilities offered, requirement, procedures to access loan facility including repayment duration, problems and sources of raising capital. Appendix (B) questionnaire meant for SMEs consists of two parts (a) , questions based on bio-data and (b) ranged from items like company size, incorporation, years of operations and challenges encountered. Due to the level of illiteracy among some of the SMEs owners, the interview technique was used. It was used to elicit information from thirty percent of the respondents, (SMEs owners). Thus it allowed clarification on issues raised by the respondents.

Ethics

SMEs and MFIs permission were sought before questionnaires were served to the respondents. The respondents were assured of the confidentiality of their responses and that it is for academic purpose only. Some of the MFIs staff initially felt reluctant to fill the questionnaires since it goes contrary to the oath of secrecy which they signed before their employment.

Field work

The interviews and questionnaires were conducted and distributed in the months of January and March, 2014. Appointments were booked with various respondents. The interviews were conducted at the premises of SMEs.

Data preparation and analysis

Data collected was quantitatively analysed. The data were analysed using Statistical Package for Service Solutions, 2010(SPSS). The findings would be presented in the form of tables, charts and figure.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

Chapter four deals with the analysis of results and discussion. It provides information on commencement of business operations, line of business for SMEs, sources of business capital and adequacy of capital, gender of respondents, managerial skills, and kind of services offered by MFI. The following three key research questions guided discussion of the study:

1. What are the criteria used by MFIs to enable SMEs access their services?
2. What are the various sources of business capital for SMEs in the Accra Metropolis?
3. What are some of the challenges that confront SMEs in accessing MFIs services in the Accra metropolis?

The criteria used by MFIs to enable SMEs access their services

The first research question was to ascertain the criteria used by MFIs to enable SMEs access their services. From the MFIs Lending policies, the following criteria were used: classification of and duration of business (viability), line of business, source of business capital, procedure in accessing loan and parameters required in accessing loan.

Table 4.1 : Classification of businesses and length of operation

SMEs	Frequency	%	Length of Operation (Years)
Sole-proprietors	20	45.4	15
Partnerships	15	34.1	10
Limited liability Co.	9	20.5	5
Total	**44**	**100**	**30**

Source. Field survey 2014

In order to assess the viability of SMEs, a question was posed as to how long the business had been in operation and the type. Table 4.1 indicates that sole-proprietors constituted 45.4% of SMEs with a higher length of operation in comparison to partnership and limited liability enterprises. Partnership constituted 34.1% and limited liability 20.5% respectively of all firms sampled. Sole-proprietors had been in operation the longest, 15 years. The findings confirmed classification of SMEs by the earlier study conducted by Anane et al (2013), which categorized SMEs into four, based on their activities.The duration of operation also affirms the statement that, empirically, SMEs are reported to have high failure rates, making it difficult for lenders to assess accurately the viability of their enterprises, the abilities of the entrepreneur, and the likelihood of repayment (World Bank, 2004).

Table 4.2: Line of Businesses

Line of Business	Frequency	%	No of Employees
Manufacturing	6	14	66
Commerce	12	28	80
Services	16	36	100
Other Services	10	22	4
Total	**44**	**100**	**250**

Source: Field survey, 2014

The study sought to provide a background of the line of business of SMEs sampled for the study. Findings from field survey gave the analysis shown in Table 4.2 The service sector comprised 36% of SMEs in Accra metropolis, closely followed by commerce sector 28%, manufacturing taking 22% and other services such as repairs of assets, self-employed such as tailors, hair-dressers making up 14% of the sample used. It is of interest to note that most SMEs in Accra metropolis are at the medium state, since they employ more than six (6) people in the business.

This finding affirms a more recent definition given by the Regional Project on Enterprise Development Ghana manufacturing survey paper. The survey report classified firms into: (i) micro enterprise, less than five (5) employees; (ii) small enterprise, 5-29 employees; (iii) medium enterprise,30-99 employees; (iv) enterprises of 100 employees and more (Teal, 2002). In addition, by offering employment, respondents explained that their small businesses provided livelihood for the masses of people. This supports Abor and Quartey's 2010 study, which described SME as an efficient prolific job creator.

Standard procedures in accessing loan from MFIs

This sub-question was posed to elicit responses to the processes and procedures that microfinance firms employ in granting credit to SMEs. Otero (1989) noted that most credit delivery transactions needed data for effective and efficient management of loanable funds as legitimate. Table 4.3 shows the parameters required.

Table 4.3 : Parameters required in accessing loans

Parameter	Frequency	Percentage
Loan Form	10	22.7
Client Account	12	27.3
Collateral	12	27.3.
Guarantors	10	22.7
Total	**44**	**100**

Source: Field survey, 2014

There were uniform responses that a loan application form must be completed with the required signatures, pictures of client/ guarantors, documentation on legal status of the clients business and requisite collateral in terms of quantum of funding needed by clients. The study showed that most of the time clients were mandated to operate an account with the institutions. It enabled microfinance firms to access the trend of businesses operations and their cash flow needs in the foreseeable time. The viability and ability in terms of clients to repay loanable funds and the risk exposures that microfinance firms commit themselves to in the development of SMEs.

Responses to the issue of the duration of loan processing showed that most often it delayed due to the verification of documentation by the credit committees before final approval for disbursement/ payment to qualify clients. Initially, most microfinance firms do not required collateral but with changes in the fiscal and monetary policies and the increased coverage area to varying clients most of these institutions now demand cash collateral. Three-quarters of SMEs sampled that received loans had to provide collateral. Even though SMEs do not see demand for guarantors as constituting collateral security, it actively served that purpose.

The integrity of guarantors does have a bearing in the final assessment and approval of funding to SMEs since they become culpable in the event of loan default. The SMEs indicated that cash collateral must be waived since movable and unmovable chattels were most often demanded as security/collateral. Procedures for loans as indicated by the study showed that microfinance firms must streamlined their application forms to make it easier for early processing and disbursement of funds. On the issue of parameters, there seemed to be no evidence that back the claim that clients should provide the stated parameters but they rather served as a screening process to identify viable SMEs.

The various sources of business capital for SMEs in the Accra Metropolis

Capital is the most valuable item in the establishment of SMEs especially in Africa. According to Ledgerwood (1999), MFIs can offer their clients who are mostly men and women who could be below or slightly above the poverty line a variety of products and services. The most prominent of their services is financial, that they often render to their clients without tangible assets. Various researches have indicated that microfinance is potential tool to contribute considerably to the economic development of nations. Therefore, by extending credit to SMEs, it will enhance their performance and also offer so many benefits, i.e. creation of employment, expanding business, improving standard of living, capacities in investing in the country, hence development of the nation. This study, therefore, sought to identify the various sources of capital by the sampled SMEs for the study. Findings from this study are shown in Table 4.4

Table 4.4: Sources of business capital

Sources of Capital	Frequency	Percentage (%)
Personal Funds	10	5.0
Friends & Relatives	20	10.0
Partnership	15	7.5
Loans from MFI	150	75.0
Others	5	2.5
Total	**200**	**100**

Source: Field survey, 2014

Despite the fact that various researches have indicated that microfinance is potential tool to contribute considerably to the economic development of nations, and this was evidenced in the study, where majority of SMEs business capital were sources from MFIs. However, it was unanimously agreed among all SMEs interviewed for the study that the capital for the operation of their business were not adequate as per the demand of goods and services they needed for their operations.

The challenges that confront SMEs in accessing MFIs services in the Accra Metropolis

Accessibility to MFIs loans

The idea of MFIs is to provide an easy accessibility to SMEs particularly those who cannot access formal banks loans. Figure 4.1 indicates the respondents' opinion about their accessibility to MFIs loans. Ninety percent of respondents indicated accessing loans from microfinance firms, 8% did not apply for such facility and an insignificant number 2% of respondents disclosed they have no access to MFIs loans. What this implied was that, by extending credit to SMEs, it would enhance their performance and also offer so many benefits, i.e. creation of employment, expanding business, improving standard of living, capacities in investing in the country hence development of the nation (Ledgerwood,1999).

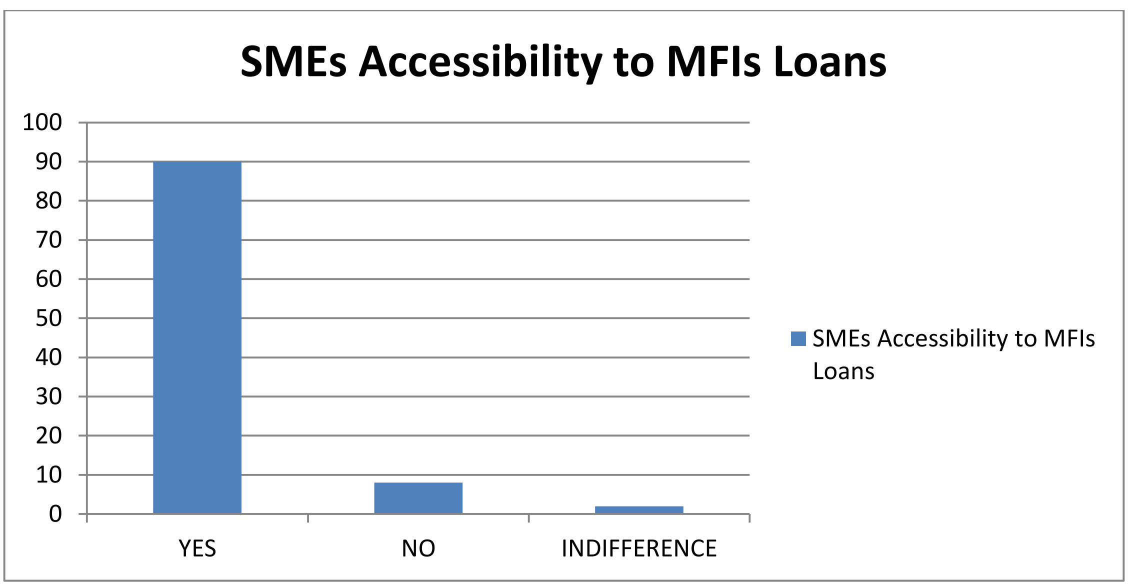

Figure 4.1. SMEs accessibility to MFIs loans

Source: Field survey, 2014

Moreover, most of the community banks which used to operate only within their environment were required to raise their capital base and operate as microfinance, thereby given the opportunity to reach more SMEs. While demand for working capital was widespread throughout the sample, demand for credit for investment depended on firm performance.

Percentage level of goal achievement that SMEs derive from the loans obtained from MFIs

Respondents' demand for financial assistance was overwhelmingly from microfinance institutions. To measure the percentage level of SMEs goals achievement using MFIs loans, this question was asked 'What percentage level of goal achievement did your company derive from the loans obtained from MFIs?' Figure 4.2 presents the articulated assertion of the respondents in which 20% of them claimed that they recorded 80-100 percent goal achievement using loans granted them by MFIs. The above information confirms a study on African entrepreneurs by IFC, as cited by Amoateng *et al*(2014).

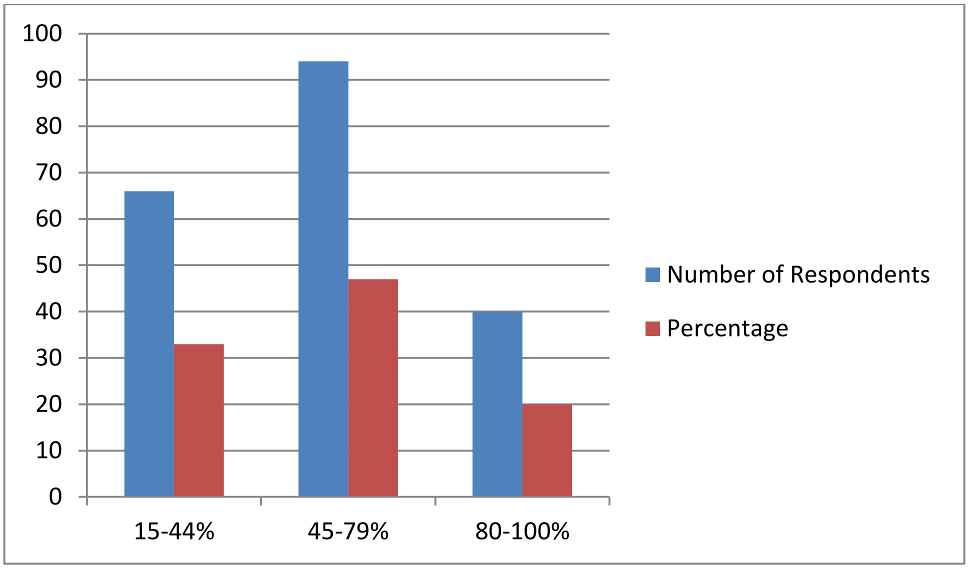

Figure 4.2. SMEs level of goal achievement

Source: Field survey, 2014

Forty-five to seventy-nine percent of the respondents believed they achieved more than half of their goals using MFIs loans. Fifteen to forty-four of the respondents also believed they only met their targeted goals. In their explanation to only meeting their targets and not above it, some SMEs stated that they could not effectively meet their goals virtually, because the loans given to them by MFIs were not sufficient enough to achieve the targeted results.

From the study, the major obstacles that SMEs faced included interest rate charges on loans and the duration for repayment. Three quarters of respondents indicated that pragmatic steps should be adopted by microfinance firms in fixing interest rate, taken into cognizance the performance of the SMEs in terms of sustainability/ profit levels of the firms. Despite this inhibition, most SMEs agreed that proper assistance by professionals in negotiating financial transactions would helped minimize the fear of losing control of their businesses.

Other Services Provided by MFIs

It is to be noted that apart from the financial support by the microfinance institutions the respondents derived other benefits such as capacity building, managerial advisory services and technical assistance, as shown in Table 4.5 below.

Table 4.5: Other services provided by MFIs

Facilities	Frequency	Percentage
Managerial/Advisory Services	40	16
Training	52	21
Technical Assistance	38	15
Research and Information	20	8
Combination of all above	100	40
Total	**250**	**100**

Source: Field survey, 2014

The interview also elicited the views of SMEs who had accessed various programs and services other than financial support from MFIs. According to the respondents, the training programs encouraged them to be business like. It exposed them to marketing opportunities, proper pricing techniques, negotiations, better customer relationships, quality control, increased efficiency, and eliminating waste in the production process.

They also learnt the importance of record-keeping (financial and administration) in order to check their input-output relations; knowledge in making profits and minimizing losses in their businesses; gaining information and easy reference to business' progress, which would in turn enabled them to remunerate their staff better and more fairly. It may be inferred that through these training programs and services offered by MFIs to SMEs, SMEs owners have learnt to reorganize their activities, improve customer relations and incorporate new technologies into their operations and increase productivity. The findings support Ledgerwood's (1999) assertion that some MFIs provide social intermediation services such as formation of groups, development of self-confidence and training of members on financial literacy and management.

Challenges preventing growth and expansion of SMEs

Studies by Gockel and Akoena (2002), Aryeetey et al.(1994), and Steel and Webster (1991) have shown that access to microfinance by SMEs are hampered by a number of factors such as technology, regulatory issues, and access to international markets. The lack of managerial know-how places significant constraints on SME development. From the study, the challenges preventing SMEs from growth and development as indicated by earlier studies cited above confirmed that lack of adequate finances, poor financial management skills, poor financial literacy and lack of market for products, as depicted below in Table 4.6 were challenges to SMEs growth and expansion.

Table 4.6: Challenges preventing growth and expansion of SMEs

Challenges	Frequency	Percentage
Lack of Finances	18	30.0
Poor Financial Management Skills	17	28.3
Poor financial literacy	14	23.3
Lack of market for products	11	18.4
Total	**60**	**100**

Source: Field Study, 2014

Among these challenges, lack of finances was the most common representing 30% of SMEs sampled. Lack of financial management skills was the second challenge represented by 28.3%. Twenty-three percent expressed their challenges as poor financial literacy while 18.4% stated that lack of market for their products was a challenge preventing growth and development of their enterprises. There were other challenging factors such as unsupportive legal and regulatory framework and limited donor support funding. According to the business owners, the way forward for their businesses (SMEs) was to get an umbrella association to help bargain on interest rate charges on loans and flexibility on repayment period.

CHAPTER FIVE

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Introduction.

This chapter is devoted to the summary of the findings, conclusions and recommendations. Also, areas suggested for further research is catered for in this chapter.

Summary of the findings.

The first objective of the study was to identify criteria that enable SMEs access microfinance in the Accra Metropolis. It was found out that most SMEs' financed by the MFIs' had to meet certain criteria which included the need to have financial relationship or formal transactions for a period of at least three months before any financial assistance could be offered. Depending on the funds needed, the MFIs normally request for documentary evidence on viability of the SMEs ranging from projected cash flow of the business, registration of businesses , business plans, collateral either in cash, treasury bills, share certificates, at least two guarantors and moveable and immoveable chattels.

The second objective sought to find out the various sources of business capital for SMEs in Accra metropolis. The findings were that the major sources of funding for SMEs came from loans offered by MFIs and the other sources of business capital came from family, friends, relatives and partners.

The study also sought to find out the challenges faced by SMEs in accessing MFIs finances. It was found out that MFIs were not willing to finance most of these SMEs in the Accra Metropolis because they do not measure up to the criteria set by MFIs. These included keeping proper books of accounts in terms of expenditures and revenues; qualified personnel and good organizational structure. Another hindrance that came from the findings included high interest rate charged on loans and the duration for loan repayment. Thus SMEs face numerous challenges.

Conclusions

One may conclude from the study that in accessing finances from MFIs, the SMEs ought to fulfill certain contractual obligations and meet certain criteria. Basically SMEs major sources of funding were from MFIs. It seems the criteria and contractual obligations set by the MFIs are major challenges faced by SMEs for accessing funds from their seemingly financiers.

Recommendations

From the conclusions drawn, the following recommendations may be set out:

i. Policy measures may be put in place to encourage MFIs to lower their interest rates and modify the criteria for accessing funding by SMEs; as well as provide multi-purpose loans or composite credit for income generation.

ii. MFIs' should create awareness through education on the services offered.

iii. SMEs ought to be exposed to current trends in financial literacy and technology.

Suggestions for further Studies.

Further study may be conducted on how SMEs could make use of other alternatives sources of finances such as equity finances, venture capital or business angels. In addition, further study may be looked at on the revision of national policies and framework for institutions offering programmes and services for the development of SMEs.

References

Abor, J. & Quartey, P. (2010). Issues in SMEs in Ghana and South Africa. *International Research Journal of Finance and Economics*. *Issue 39*,pp 218-228. Retrieved from http://www.eurojournals.com/irjfe 39 15.pdf. on 14 June, 2014.

Ahiawodzi, K. & Adade, T. C. (2012). Access to credit and growth of small and medium scale enterprises in the Ho municipality of Ghana. *British Journal of Economics, Finance and Management Sciences.Vol.6* (2)

Amoateng, P, Cobbinah, P. B & Ofori-Kumah, K.(2014). Towards creation of sustainable enclaves for SMEs in Kumasi, Ghana. *International Journal of Social Management, Economics and Business EngineeringVol:8 No:1*

Anane, G. K, Cobbinah, P. B. & Manu, J. K. (2013). Sustainability of SMEs enterprises in rural Ghana: The role of microfinance institutions. *Asian Economic and Financial Review, 3(8)* 1003-1017, 2013.

Aryeetey, E., Baah-Nuakoh, A., Duggleby, T., Hettige, H. & William, F. S. (1994). Supply and demand for finance of small enterprises in Ghana. *World Bank Discussion Paper*, *251*.

Asiama, J. P. & Osei, V. (2007). *Microfinance in Ghana: an overview*. Accra, Ghana: Research Department, Bank of Ghana. Bank of Ghana (2007). Retrieved from http://www.bog.gov.gh

Basu, M. A., Blavy, M. R., & Yülek, M. A. (2004). *Microfinance in Africa: Experience and Lessons from Selected African Countries (EPub)* (No. 4-174). International Monetary Fund. Washington DC.

Best, J. W, & Kahn, J. V. (2006). *Research in education.*(10th ed.). Boston, MA. Ally and Bacon.

Caskey, J. P. (1994). *Fringe banking: Check-cashing outlets, pawnshops, and the poor*. New York, New York. Russell Sage Foundation.

CGAP (2006). The new vision of microfinance: Financial services for the poor. *Micro Banking Bulletin. Focus on Productivity*. *(6).*

CGAP (2006). *Practice guidelines for funders of microfinance.* Washington, DC. : CGAP

Chandra, S. S. & Sharma, R. K. (2004). *Research in education*. New Delhi. Atlantic Publishers & Distributors(P) Ltd.

Christopher, I. F. (2008). *Impact of microfinance on small and medium-sized enterprises in Nigeria.* In *Ram Consultancy Services* (2005). *SMEs access to financing: Addressing the supply side of SME financing.* Proceedings of the 7th International Conference on Innovation and Management. Wuhan University, China.

Cobbold et, al. (2008). In Ahiawodzi, K. & Adade, T. C. (2012). Access to credit and growth of small and medium scale enterprises in the Ho municipality of Ghana. *British Journal of Economics, Finance and Management Sciences.Vol.6* (2)

Cook, P. & Nixson, F. (2000). Finance and small and medium-sized enterprise development. *Finance and Development Research Programme. Working Paper Series. Paper No. 14.* University of Manchester, Manchester. Institute for Development Policy and Management.

Cressy, R. & Olofsson, C. (1997). European SMEs Financing: An overview. *Small Business Economics. (9)*(2) *pp* 87–96.

Envision, G. (2005). A brief history of outsourcing. Retrieved from *www. globalenvision.org,* Gockel, A. G. & Akoena, S. K. (2002). Financial mediation for the poor: Credit demand by micro, small and medium scale enterprises in Ghana. A further assignment for financial sector policy? *IFLIP Research Paper 02-6.* International Labour Organization.

International Finance Corporation. (2005). *A Synthesis Evaluation of Four IFC-Supported Small and Medium Enterprise Facilities: Africa Project Development Facility, African Management Services Company, Mekong Private Sector Development Facility; Southeast Europe Enterprise Development Operations Evaluation Group.*
Retrieved from http://www.ifc.org/wps/wcm/connect/SMEReport-1

Jain, P. S. (2000). Maturing of micro-credit movement: Dhaka ASA. Retrieved from http://www.adb.org/documents/policies/microfinance/microfinancepolicy.pdf

Johnson, S. & Rogaly, B. (1997). *Microfinance and poverty reduction*. Oxford, UK. Oxfam GB.

Kauffmann, C. (2005). Financing SMEs in Africa, *OECD Development Centre Policy Insights*, No.7. Paris. OECD Publishing, DOI: http://dx.doi.org/10.1787/021052635664

Kayanula, D. & Quartey, P. (2000). *The policy environment for promoting small and medium-sized enterprises in Ghana and Malawi*. Institute for Development Policy and Management, University of Manchester, Manchester.

Kothari, C. R. (2004). *Research methodology: Methods and techniques*. New Delhi: New Age International (P) Ltd.

Ledgerwood, J. (1998). *Microfinance handbook: An institutional and financial perspective*. Washington D.C. World Bank Publications.

Littlefield, E. & Rosenberg, R. (2004). Microfinance and the poor-financing and development Retrieved from http://https ://www.imf. org.

Megginson, L.W., Byrd, M. J. & Megginson, C. L.(2000). *Small business management: An entrepreneur guide book*. London. McGraw-Hill Companies Inc.

Mensah, S. (2004). *A review of SME financing schemes in Ghana.* A paper presented at UNIDO Regional Workshop of Financing Small and Medium Scale Enterprises. No. 15-16, pp. 1-19. Accra

Michel, J. V. (2011). Livelihood frameworks: Does microfinance fit in?. *UMB Student Journal of International Environment and Development Studies*, 3.

Microfinance Barometer,(2013). Retrieved from http://www. fgda.org.

OECD (2006). The SME financing gap. *Theory and Evidence.(1)*

Osei, B., Baah-Nuakoh A., Tutu K. A., & Sowa N. K. (1993). Impact of structural adjustment on small-scale enterprises in Ghana. *International Research Journal of Finance and Economics - Issue 39*

Otero, M. (1989). A handful of rice: Saving mobilization by microenterprise programs and perspectives for the Future. *Accion International.* pp. 26-30.

Paxton, (1996a). In Ledgerwood, J. (1998). *Microfinance handbook: An institutional and financial perspective*. World Bank Publications.

Robinson, M. S. (2002). *The microfinance revolution: Lessons from Indonesia* (Vol. 2). Washington, DC. World Bank Publications.

Rosenberg, R. (2010). Does microcredit really help poor people. *Focus Note.* No. 59. Washington D.C. CGAP

Rhyne, E. & Otero, M. (2006). *Microfinance through the next decade: Visioning the who,what ,where, when and how.* A paper commissioned by the Global Microcredit Summit. Boston, MA. Accion International.

Satta, T. A. (2003). Microfinance regulation: Influence on small firms financing in Tanzania. *Journal of Financial Regulation and Compliance. 12 (1)*

Skinner, C. (2004). Handbook of Public Relations. Cape Town: Oxford University Press

Sowa, N. K., Baah Nuakoh, A., Tutu, K. A., & Osei, B. (1992). *Small enterprises and adjustment: the impact of Ghana's economic recovery programme on small-scale industrial enterprises*. ODI Research Reports. Overseas Development Institute, UK

Srnec, K. & Havrland, B.(2006). *Microfinance: Challenge and prospects. Appropriate conditions for changes from informal micro financing institutions.* Czech University of Agriculture. Prague.

Steel, W. F. & Andah, D. O. (June 10, 2003). Rural and microfinance regulation in Ghana: Implications for development and performance of the industry. In Aryeetey, E. & Kanbur, R. (Eds), T*he economy of Ghana: analytical perspectives on stability,growth and poverty*. Woeli Publishing Services and James Currey, 2008; World Bank Policy Research Working Paper No. 49. Available at SSRN: http://ssrn.com/abstract=1832551

Steel, W. F. & Webster, L. M. (1991). Small enterprise in Ghana. Responses to adjustment. *World Bank Industry and Energy Dept. Pre Industry Series*, 1-71.

Teal, F. (2002). Background information on use of dataset: Regional project on enterprise development (RPED) Ghana manufacturing sector survey waves iv (1992-98). *Centre for the Study of African Economies, Institute of Economics and Statistics, University of Oxford, St. Cross Building, Manor Road, Oxford, OXI 3UL*.

UNIDO (1999). Supporting private industry. Financing of private enterprises development in Africa.

Von Pischke (1991). *International agriculture development*. Eicher, Carl, K. and Staatz, John, M. (eds). (1998). Baltimore, Maryland. The John Hopkins Press.

Waterfield, C. & Nick, R. (1998). In Ledgerwood, J. (1999). *Microfinance handbook: An institutional and financial perspective.* Retrieved from http.//www.worldbank.org

World Bank Report (1994). Retrieved from www.worldbank.org.

Yaron, J., Benjamin, M. & Piperk, G. (1997). *Rural finance issues designed and world practices.* Washington, D.C. World Bank Agriculture and Natural Resources Development.

APPENDICE A

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

ACCESS TO MICROFINANCE BY SMALL AND MEDIUM ENTERPRISES (SMEs) IN ACCRA METROPOLIS

QUESTIONNAIRE FOR MICROFINANCE INSTITUTIONS

You are kindly requested to answer the questions below in an objective manner. Please be assured that the information that will be provided shall be used for academic purposes only and shall be given the utmost confidentiality. Please tick [√] against the correct option or supply the answers where necessary.

SECTION A

1) Respondent's Gender: Male [ ] Female [ ]

2) Respondent's Age: 30-39 [ ] 40-49 [ ] 50 and above [ ]

3) Respondent's Position in the Financial Institution………….………………

SECTION B

1. Name of Financial Institution..

2. Address/Telephone /Fax No...

....

3. Does your Organization have a special package (funds) for SMEs? Yes [ ] No [ ].

4. What is the duration period of loan facilities extended to clients?

5. If answered yes to question 3, do you receive applications from SMEs operators to access it? Yes [ ] No [ ]

6. If answered yes to question 4, what is the average success rate of applicants for the special package (funds) in your financial institution…………………..

………………………………………………………………………………………….

7) Why is it that many SMEs have not been able to access loans from your financial institution? (Please tick one)

I) No Collateral Security to Pledge [ ] II) No Business Plan [ ]

III) Inadequate Managerial Expertise [ ] IV) No Audited Accounts [ ]

V) Poor/nonexistence of Accounting Records [ ]

Others (Please specify)…………………………………………………......................

………………………………………………………………………………………….

8) How would you rate the performance of the SMEs operators who have been able to access loans from your institutions?

I) Excellent [ ] II) Good [ ] III) Fair [ ] IV) Bad [ ]

9) What are the modalities under which SMEs can obtain loans from your institution?

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

…………………………………………………………………………………………

10) What are the criteria set for the classes of clients in accessing funds?

Class of clients	Criteria			
	Limit to funds	Documentation	Guarantors	Collateral
Provision shops owners				
Car dealers				
General merchants				
Market women				
Farmers				

11) Show by a tick whether you agree with the solutions stated below which can improve the performance of SMEs in Ghana to enable them play a major role in economic development.

Solution	**Strongly agree**	**Not sure**	**Strongly disagree**
Establishment of fiscal and support policies(e.g. tax rebate) for SMEs			
Establishment of a National Entrepreneurial Institutions			
Common sharing of facilities for SMEs in similar lines of business			
Establishment of National Fund to promote SMEs development			
Establishment of special technological and knowledge support for SMEs			

Others (Please specify)…………………………………………….........................

....

Thank you for your time and patience.

APPENDICE B

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

ACCESS TO MICROFINANCE BY SMALL AND MEDIUM ENTERPRISES (SMEs) IN ACCRA METROPOLIS

QUESTIONNAIRE FOR SMALL AND MEDIUM ENTERPRISE OPERATORS

You are kindly requested to answer the questions below in an objective manner. Please be assured that the information that will be provided shall be used for academic purpose only and shall be given the utmost confidentiality. Please tick [√] against the correct option or supply the answers where necessary.

SECTION A

1) Name of Respondent……………………………………………………………..……

2) Respondent's Gender: Male [ ] Female [ ]

3) Respondent's Age: 25-30 [ ] 35-40 [ ] 45-50 [ ]

4) Respondent's Position in the Enterprise………………………...…………………….

…………………………………………………………………………………………

5) Highest Academic Qualification

Academic Qualification	Tick[√]
Primary School	
Middle School/JHS/JSS	
A Level/O Level/SSSCE/WASSCE	
HND/Diploma	
Bachelor's Degree	
Master' s Degree	
PhD	
None of the Above	

SECTION B

1. Name of the Organization/Enterprise: ....

2 .Address/Telephone/Fax No...

3. Date of incorporation:………………………………………………………………

4. Nature of Organization (Please tick as appropriate)

Organization	Tick One
Private Limited Company	
Partnership	
Sole Proprietorship	
Family Owned Business	

5. Type of Business Organization (please tick as appropriate)

Organization	**Tick One**
Manufacturing/Construction	
Beauticians/Hairdressing	
Agro-processing industry	
Trading	
ICT/Cinematographers	
Fashion Designers/Dress makers	
Mineral Water(Sachet Water)	

Others (Please specify)……………………………………………………….................

....

6. For how long has the business been in operation (please tick as appropriate)

Duration	**Tick one**
Less than 10 years	
10 years to 20 years	
21 years to 30 years	
Over 30 years	

7. How often does your enterprise hold management meetings? (Please tick as appropriate)

None at all	[ ]	Quarterly	[ ]
Half-year	[ ]	As the situation demands	[ ]

8). Does the firm prepare a weekly cash flow forecast? Yes [ ]   No [ ]

9) Enterprise's Weekly Sales.

Amount of Sales	**Tick one**
Less than GH¢500	
Between GHC500 - GHC1,000	
Between GHC1,500- GHC2,000	
Between GHC2,500- GHC3,000	
Between GHC3,500- GHC4,000	
Between GHC4,500- GHC5,000	
Between GHC5,500-GHC6,000	
Above GHC6,000	

10) Employees Engaged?

I. 1 - 10 [ ]

II. 11 - 20 [ ]

III. 21 - 30 [ ]

IV. 31 and above [ ]

11) What is the Highest Academic Qualification of your employees?

Academic Qualification	**Tick one**
Middle School/JSS/JHS	
O/A Level /SSCE/WASSCE	
Vocational/Technical Certificate	
HND/Diploma	
Bachelor's/ Master's Degree	
None of the above	

12) Does your enterprise have existing Business Plan? Yes [ ] No [ ]

13) How have you been financing the operations of your enterprise? (You can tick more than one response.)

I) Personal Savings [ ] II) Bank Loan [ ]

III) Family Funds [ ] IV) Friends Support [ ]

Others (Please specify)…………………… ………………………………

....

14) Do you still need extra funds to finance your business? Yes [ ] No [ ]

15) Have you ever applied for a loan from any financial institution? Yes [ ] No [ ]

16) If answered yes to question 14, was your application successful? Yes [ ] No [ ]

17) If No to question 14, why was your application not approved? (Please tick the relevant option)

No Collateral/Security to pledge [ ]

Inadequate Managerial Expertise [ ]

No Audited Accounts [ ]

No Business Plan [ ]

Others (Please specify)…………………………………………....................................

....

18) Show by a tick whether you agree with the following problems encountered in accessing loan from financial institutions.

Problem	**Greatest problem**	**Not sure**	**Not the greatest problem**
Delays in the processing of loan applications forms			
Too many documentations required			
High collateral required			
Term of loan too short			
High Interest rate			

Others (Please specify)……………………………………………………………………

19) What have been the benefits of access to microfinance on your business? Please tick

i. Enabled re-equipping thus maximizing production of goods [ ]

ii. Financial structures/controls increased additional funding to the firm [ ]

iii. Capacity building in terms of training skills and human resource functions. [ ]

iv. Improved market research and revenue earnings of SMEs [ ]

20) What has been the support(s) made by the government through any of its financial intermediaries contributed to the growth of your business?

……………………………………………………………………………… ……………..

……………………………………………………………………………………………

……………………………………………………………………………………………

21) Please state the name of the government agency that offered the support to your enterprise.

……………………………………………………………………………………………

……………………………………………………………………………………………

22) Please tick which of the following problems you consider as critically limiting the growth of SMEs in Ghana.

Problem	**Greatest problem**	**Not sure**	**Not the greatest problem**
Poor infrastructure (electricity, road, water etc.)			
Influx of cheap foreign goods			
Unfavorable and inconsistencies in government policies			
Too many documentations and bureaucracies in registration			
Multiple taxes and levies			
Inadequate access to finance/capital			
Inadequate access to modern technology			

Others(please specify)

……………………………………………………………..

....

Thank you for your time and patience.

APPENDICE C

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

ACCESS TO MICROFINANCE BY SMALL AND MEDIUM ENTERPRISES (SMEs) IN THE ACCRA METROPOLIS

INTERVIEW SCHEDULE FOR MICROFINANCE INSTITUTIONS/ SMALL AND MEDIUM ENTERPRISE OPERATORS

Kindly answer the questions an objective manner. Please be assured that the information that you will provide shall be used for academic purposes only and shall be given the utmost confidentiality.

SECTION A(MFIs and SMEs

1) Gender: Male [ ] Female [ ]

2) Age: 30-39 [ ] 40-49 [ ] 50 and above [ ]

3) Position in the Financial Institution

4) Highest academic qualification

SECTION B: MFIs

1. Name of Financial Institution...
2. Address/Telephone /Fax No...
3. Date of incorporation…………………………………………………………..
4. Does your Organization have a special package (funds) for SMEs?
5. What is the duration period of loan facilities extended to clients……………..
6. Do you receive applications from SMEs operators to access it?
7. What is the average success rate of applicants for the special package (funds) in your financial institution?

8. Why is it that many SMEs have not been able to access loans from your financial institution?

9. How would you rate the performance of the SMEs operators who have been able to access loans from your institutions?

10. What are the modalities under which SMEs can obtain loans from your institution?

11. What are the criteria set for the classes of clients in accessing funds?

12. Do you agree with these solutions which can improve the performance of SMEs in Ghana to enable them play a major role in economic development.

Establishment of fiscal and support policies(e.g. tax rebate) for SMEs

Establishment of a National Entrepreneurial Institutions

Common sharing of facilities for SMEs in similar lines of business

Establishment of National Fund to promote SMEs development

SECTION C : SMEs

1. Nature of Organization

2. Type of Business Organization

3. For how long has the business been in operation

4. How often does your enterprise hold management meeting?

5. Does the firm prepare a weekly cash flow forecast?

6. Enterprise's Weekly Sales

7. Employees Engaged

8. Does your enterprise have a Business Plan?

9. How have you been financing the operations of your enterprise?

10. Do you still need extra funds to finance your business?

11. Have you ever applied for a loan from any financial institution and was it approved?

12. Why was your application not approved?

13. What problems do you encounter in accessing loan from financial institutions.

14. What have been the benefits of accessing microfinance on your business?

15. Has government made any financial intervention to your business?

16. What has been the support(s) made by the government through any of its financial intermediaries contributed to the growth of your business?

17. Please state the name of the government agency that offered the support to your enterprise.

18. What is/are problem(s) you consider as critically limiting the growth of SMEs in Ghana.

Thank you for your time and patience.