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ACCESS TO FINANCE AND GROWTH OF SMALL AND MEDIUM SCALE ENTERPRISES IN THE SISSALA EAST MUNICIPALITY OF GHANA

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ACCESS TO FINANCE AND GROWTH OF SMALL AND MEDIUM SCALE ENTERPRISES IN THE SISSALA EAST MUNICIPALITY

BY

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Dissertation submitted to the Department of Finance of the School of Business, College of Humanities and Legal Studies, University of Cape Coast, in partial fulfilment of the requirements for the award of Master of Business Administration in Finance

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DECLARATION

Candidate's Declaration

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

Candidate's Signature: ……………………… Date………………………

Name: Eric Nombare

Supervisors' Declaration

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

Supervisor's Signature: …………………… Date……………………

Name: Dr. Edward Nii Amar Amarteifio)

ABSTRACT

Over the years, Small and Medium Enterprises (SMEs) have been vital economic development agents. Despite their dominant share in the business industry, Small and Medium Enterprises worldwide are hampered by constrained growth. Access to finance has been identified as a dominant constraint facing SMEs. In Ghana, governments at a different level have put up many support programs to promote and sustain their development. However, Despites and all these supports, Micro and small scale enterprises (SMEs) in Ghana have not performed creditably well. This study intends to examine the precursors or antecedents of access to finance and the impact of access to finance on the growth of SMEs in Sissala East Municipality, Ghana. The study's goal was to examine the impact of access to finance on the growth of SMEs in the Sissala East Municipality. The study adopted the positivist philosophy. The study adopted a quantitative research approach to analysing the primary data that was collected. The study adopted the explanatory design of the quantitative approach. This study adopted the census approach, where every unit in a population is selected. A structured questionnaire was used for the primary data collection. The data gathered were cleansed, coded and inputted into SPSS 26.0 version for analysis. The need for collateral before getting credit, lack of understanding of business funding alternatives, and availability of business support services were the primary factors influencing or driving loan accessibility among SMEs. It was found that access to financial credit positively affects SMEs productivity. According to the findings, the Bank of Ghana (BoG) should establish a special rate for SMEs lower than the general interest rate on loans.

KEY WORDS

Access to finance

Antecedents

Growth

Productivity

Sissala East Municipality

SMEs

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DEDICATION

To Pearl Nuobe and Sophia Kaningen and my children Vanessa Nombare, Kersia Nombare and Israel Marcus Nombare.

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LIST OF ACRONYMS

ADB	-	Agricultural Development Bank
CIRT	-	Centre for Innovation in Research and Teaching
DTI	-	Department of Trade and Industry
MASLOC	-	Microfinance and Small Loans Centre
OECD	-	Organisation for Economic Co-operation and Development
SMEs	-	Small and Medium Enterprises
SPSS	-	Statistical Package for Service Solution
USAID	-	United States Agency for International Development

CHAPTER ONE

INTRODUCTION

Almost all micro and small businesses are said to be hampered by a lack of funding. Small and Medium Enterprises(SMEs) is not an exception to this. As a result, SMEs suffer substantial financial constraints, putting most at the risk of discontinued business operations. Contextually, the study examined antecedents of access to finance for SMEs in Sissala East Municipality, Ghana. The study also examines the impacts of access to finance on the growth of SMEs in the Municipality.

Background to the Study

Over the years, Small and Medium Enterprises (SMEs) have been a vital agent of economic development (Stel, Carree, & Thurik, 2005; Acs, Desai, & Hessels, 2008; Koster & Rai, 2008; Naude, 2010, 2011; Le, Nguyen-Lisovich, & Raven, 2016). Scholars such as Abor and Quartey (2010) suggest that small and medium enterprises (SMEs) promote economic development, especially in developing economies. World Bank (2015) observes that SMEs contributes up to 45 per cent of the total employment and per cent of the national income in developing economies. Comprising a significant percentage of business establishments, Small and Medium Enterprises drive growth by reducing poverty, providing alternative employment to urban and rural communities, and creating jobs (Wang, 2016). Small and medium-sized enterprises (SMEs) generate jobs (Adomako, Danso & Damoah, 2015), contribute to innovation and drive economic growth (Carter and Jones-Evans 2006). Louis and Macamo (2011) have maintained that there is a need to pay attention to the factors that might spur and hinder the growth potential of SMEs.

Small and Medium Enterprises, also known as microenterprises, are small businesses with fewer employees and small capital requirements (Angeles, Calara & Guzman, 2019). In most developing countries, microenterprises serve as an engine of growth by overcoming unemployment and alleviating poverty. Owners and their relations primarily manage small and medium enterprises. In most cases, the owners usually provide SMEs' financing (Oppong, Owiredu & Churchil, 2014). Therefore, small and Medium Enterprises (SMEs) are acknowledged as vital for stimulating economic growth (Bauchet & Morduch, 2013; International Finance Corporation, 2012). Because of this, Small and Medium-size Enterprises could be seen as an indispensable source of revenue generation for countries and a significant driver of the world economy.

However, despite their dominant share in the business industry, Small and Medium Enterprises worldwide are hampered by constrained growth. The barriers to growth faced by micro and small enterprises are at the centre of discussion among scholars. Notably, empirical studies have identified access to finance as one of the many factors constraining the growth of Small and Medium Enterprises and small firms (Aldaba, Harvie, Oum, & Narjoko, 2011; Beck, Lu, & Yang, 2015; Prohorovs & Beizitere, 2015; Adomako et al., 2015). Access to finance has been identified as a dominant constraint facing SMEs (OECD, 2018). A World Bank study found that about 90% of small enterprises surveyed stated that credit was a significant constraint to new investment (World Bank, 2015). Amarteifio and Frimpong (2019) also found limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their low growth and development. This stems from SMEs' limited access to capital markets partly due to the perception of higher risk, informational barriers, and the higher costs of intermediation for smaller firms. According to Kebede and Abera (2014), access to funds has been deemed a hindrance to most micro and small enterprises. In Sub-Saharan Africa, most small businesses fail in their first year due to a lack of support from the government and traditional banks (Biekpe, 2004).

In Ghana, the idea that problems in financing small firms have significantly hindered their role in the overall macroeconomic performance of the Ghanaian economy is deeply rooted since the overthrow of the First Republic of Dr Nkrumah (Boapeah, 1993). Previous studies have identified a growing gap in the financial support offered to Ghanaian SMEs. The high-interest rates, collateral requirements and cumbersome processes have often been mentioned as the main impediments to SMEs' access to bank loans in Ghana (see Sowa et al., 1992; Aryeetey & Ahene, 2005; Bigsten et al., 2000; Buatsi, 2002). However, these studies focused mainly on the difficulties SMEs face in accessing commercial credit from conventional banks and other financial institutions. According to Quaye and Mensah (2019), many SMEs owners identified a lack of access to finance as the single most challenging problem impeding their development and expansion. The lack of access to the cheap and effective source of funds by SMEs is laundered as a significant factor that hindered SMEs contribution to many developing nations economic growth (Taiwo et al., 2016).

This situation has been of great concern to governments, citizens, operators, practitioners and organized private sectors. In response to the situation, several solutions have been initiated in various countries. In Sri Lanka, the government supports Small and Medium Enterprises by providing capital through grants (Fafchamps, McKenzie, Quinn, & Woodruff, 2011). In Namibia and Germany, loans are given at a discount and with low repayment rates, but literacy in management skills is the borrower's responsibility (Hampel-Milagrosa, 2014). A study of Small and Medium Enterprises in Asian countries, including India and the Philippines, shows that microlending companies provide capital to Small and Medium Enterprises (Fafchamps et al., 2011).

In Ghana, governments at different levels have put up many support programs to promote and sustain their development. It is believed that massive assistance, financial, technical, marketing and managerial from the government are necessary for the SMEs to grow. Governments have stepped up efforts to promote the development of SMEs through increased incentive schemes, including enhanced budgetary allocation for technical assistance programmes (Oppong, Owiredu & Churchil 2014). Also, new lending schemes and credit institutions such as microfinance and small loans centre (MASLOC) and World Bank-assisted small-scale enterprises loan scheme (SMEs) and the Community have been established by individuals and government to assist the MSEs to meet their financial needs (Amartefio & Siaw, 2019). There have also been fiscal incentives, grants, bilateral and aids from multilateral agencies, and specialized institutions to make small and micro business and apprenticeships schemes vibrant (Oppong et al., 2014).

Despite these supports, SMEs in Ghana have not performed creditably well, and they have not played an expected significant role in economic growth. Abor and Quartey (2010), High collateral requirements, cumbersome procedures, and the relatively high cost of processing bank loans were cited as barriers to small businesses obtaining loans from financial institutions. In addition, the lack of access to a cheap and effective source of funds by SMEs is laundered as a significant factor that hindered SMEs contribution to many developing nations economic growth (Taiwo et al., 2016). Against this backdrop, this study intends to examine the precursors or antecedents of access to finance and examine the impact of access to finance on the growth of SMEs in Sissala East Municipality, Ghana.

Statement of the Problem

Small Medium-size Enterprises are seen as an indispensable source of revenue generation for Ghanaians and a significant driver of the Ghanaian economy. However, the government's effort to make these SMEs more effective and sustain their growth and development has been hampered by numerous impediments (Oppong et al.,2014). Many SMEs have a challenge accessing credit for their operations. The inability of SMEs to access bank credit can be associated with collateral requirements, the lack of relationship with the bank, and the high-interest rate associated with the repayment of the bank credit. (Amsi, Ngare, Imo & Gachie, 2017).

Access to finance remained a significant challenge for the development and growth of SMEs (Fowowe, 2017). Scholars such as Schiffer and Weder (2001), Cressy (2002) and Beck et al. (2008) have argued that the role of SMEs in economic development has been limited by lack of access to financial services, especially from formal financial institutions. Almost all

SMEs are financed internally through owners funds coupled with contributions from family members, friends, or other formal sources. The issue is of critical significance given the vital role SMEs play in the Ghanaian economy. SMEs have been noted to contribute about 85% of manufacturing employment (Abor & Quartey, 2010). The literature has sufficient evidence to support that firm financing and access to finance are essential keys to the development of Small and Medium Enterprises (Naude, 2010, 2011; Le, Nguyen-Lisovich, & Raven, 2016). Worldwide, countries have relied on this sector for employment opportunities, poverty alleviation, and sustained economic growth.

Notwithstanding, Davidsson, Recker and von Briel (2020) affirmed that there are generally some factors that facilitate the growth of a firm and factors that hinder potential growth. Evidence from nations such as Kenya, South Africa, Nigeria, Rwanda, and Ghana revealed a close association between microfinance and SMEs operations on the African continent could lead to favourable outcomes in terms of access to finance (Kebede & Abera, 2014; Oppong et al.,2014; Morduch & Ogden, 2018). Amsi et al. (2017) indicated that the positive relationship between owners of SMEs and Managers of financial institutions has motivated microfinance institutions to provide favourable initial credit amounts, affordable interest rates, achievable collateral requirements, and flexible repayment periods.

In this regard, this study intends to examine the precursors or antecedents of access to finance and the impact of access to finance on the growth of SMEs in Sissala East Municipality, Ghana. Studies of this nature, in developing countries, have concentrated primarily on the well-developed regions and cities (Famiyeh, Kwarteng & Asante-Darko, 2018; Badu, Edwards, & Owusu-Manu, 2012). According to Arthur-Aidoo et al. (2016), barriers to growth would be different across countries due to different economic situations, rules and regulations, political systems, market competition, and legal systems. There would be differences in the factors that influence growth across different localities and business environments, even in the same country. This study was conducted in the Sissala West Municipality of Ghana, considered the most deprived in socio-economic development (Dietz, van der Geest, & Obeng, 2013; Kursah, 2013). It was expected that the business environment would be different from those of previous studies, which should influence the growth of SMEs

Purpose of the Study

The study's goal was to examine the impact of access to finance on the growth of SMEs in the Sissala East Municipality.

Research Objectives

1. Assess the challenges faced by SMEs in accessing finance facilities in the Sissala East Municipality, Ghana.
2. Examine the antecedents of access to finance among SMEs in Sissala East Municipality Ghana.
3. Analyse the effect of access to finance on the productivity of SMEs in the Sissala East Municipality Ghana.

Research Questions

The study sought to answer the following research questions:

1. What are the challenges faced by SMEs in accessing finance facilities in the Sissala East Municipality, Ghana?

2. What are the antecedents of access to finance in the Sissala East Municipality, Ghana?
3. Does access to finance affect the productivity of SMEs in the Sissala East Municipality, Ghana.

Significance of the Study

The findings of this study contribute significantly to the literature on Access to Finance and the Growth of SMEs. Particularly those existing in the northern part of Ghana. The findings of this study inform SMEs on measures to employ to access funds from the financial institution. These findings provide a policy gap that can help informal firms improve and contribute to the growth of the Ghanaian economy. Stakeholders, governments can study the findings to improve the relationship between formal financial institutions and the informal sectors.

Delimitations

Contextually, the study focused on access to finance available for SMEs and how it impacts their growth and development. Geographically, this study was conducted in the Sissala East Municipal Assembly of the Upper West Region of Ghana. Financial organizations that give access to funding to SMEs were engaged to form the sample of the study. They include GCB, ADB, Credit Unions, Susu collectors, Rural Banks, savings and Loans Enterprises. In addition, SMEs have been in operation for less than five (5) years, and a workforce of one (1) to thirty (30) people are included in this study (30).

Organization of the Study

The study is broken down into five sections. The research paper's general summary was presented in the first chapter. The first chapter contains an introduction, context, statement of the problem, research aims and question, delimitations, limitations, definitions of words, and justification for the study. A review of related and relevant kinds of literature on access to a credit facility, obstacles of access to a credit facility, credit accessibility requirements, and the impact of accessed credit among SMEs was covered in the second chapter.

The technique utilized for the research paper, the population for the research paper, the study design, the sample, and the research equipment used for data collection were all detailed in the third chapter. The research data was evaluated in Chapter 4 using suitable statistical methods, such as SPSS. The study's concluding chapter is chapter five. It included both an overview of the study's findings and a conclusion. It also included relevant policy proposals.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The study sought to examine antecedents of access to Finance and the implication of access to finance on SMEs growth in the Sissala East Municipality. This chapter provides information regarding theoretical perspective, conceptual perspective, empirical review as well as conceptual framework chronologically.

Theoretical Review

Resource Based View

To enhance our knowledge of these relationships, we dwell on the RBV to discuss the beneficial effects of access to finance on growth of SMEs in the Sissala East Municipality, Ghana. The RBV (Barney 1991; Penrose 1959; Wernerfelt 1984) suggests that organisations are bundle of resources. The main idea of the RBV is that a firm can achieve sustained competitive advantage and eventual superior growth and performance if it acquires and controls valuable, rare, inimitable and non-substitutable resources and capabilities, as long as it has the ability to absorb and apply them (Barney 1991). For example, resources that can generate sustained competitive advantage include assets, capabilities, organisational processes, information and knowledge (DeSarbo, Di Benedetto & Song, 2007; Slater, Olson & Hult, 2006; Teece, 2012). Therefore, internal capabilities are important for the access to finance and growth of SMEs.

According to the RBV, firms are unequally distributed bundles of resources (Teece 2012; Wernerfelt, 1984), creating resource heterogeneity that persists over time and provides a basis for firm growth (Barney 1991). We argue that mechanism or antecedents of access to finance is bundle of resources available to a firm that are essential for generating competitive advantage (Song et al. 2007) of accessing finance and can be used to undertake various activities to achieve growth. Entrepreneurs strategies of accessing finance is an internal firm capability that can complement access to finance to achieve superior growth outcomes. This point has been stressed by previous scholarly studies (e.g. Brush & Chaganti, 1999), arguing that the configuration of a firm's capabilities enables the firm to efficiently pursue its growth. Thus, using the RBV, we examine the growth implications of managers on access to finance-growth relationship of SMEs in Sissala East Municipality, Ghana.

Conceptual Review

overview of the small and medium enterprise (SMEs)

Small and medium-sized enterprises (SMEs) are well-known for their significant contributions to countries' economic, social, and political development (Bai, Yuan, Pan, 2017; Dasanayaka & Sardana, 2016; Wright, Roper & Hart, 2015). According to the World Bank, SMEs account for 56 per cent of private-sector jobs and 36 per cent of global GDP (2017). In addition, small and medium-sized businesses (SMEs) are thought to have contributed significantly to developing economies by generating significant local and foreign earnings (Bai, Yuan & Pan, 2017; Dasanayaka & Sardana, 2016; Robert & Micheal, 2016). Similarly, in both low- and high-income nations, SMEs have increasingly become the backbone of economies, as many of these

SMEs serve as critical sources of income and employment (Agwu & Emeti, 2014; Kinyua, 2014; Nkuah et al., 2013).

The term Small and Medium-Sized Enterprises has no universal definition (SMEs). According to Ayggari, Beck, and Demirgue (2003), the definition of a small business varies depending on the situation and country. For example, SME definitions in industrial countries like Canada, the United Kingdom, and the United States of America (USA) are based on annual gross income and the total number of employees paid at the end of each year. On the other hand, SMEs is regarded as an industry in Japan, and it is defined as the total capital paid by SMEs' owners and the total number of employed employees who work for the SMEs. In Ghana, Amarteifio and Frimpong (2019) argued that different organizations and institutions have defined SMEs based on the number of employees of the enterprise.

Generally, SMEs are regarded as business enterprises capable of generating and maintaining considerable revenues, have the capacity to maintain a significant number of their resources or assets, and maintain a good number of their workforce within a specific limit (Aigboduwa & Oisamoje, 2013). SMEs are business entities that grant employment to opportunities to a total of 50-20 persons and generate income covering from 10-50 million Euros (European Commission). SMEs have been considered in Nigeria by Small and Medium Industries Equity Investment (SMIEIS) as an industry that all its resources such as assets with the exclusion of operational capital and land valued at 200 million Nara, with the total workforce not surpassing 300 but also should not be below 10 (Lawal & Ijaiya, 2007).

Small-scale enterprises are defined by the Ghana Statistical Services (GSS) as businesses with less than ten employees. Businesses that employ more than ten people, on the other hand, are classed as medium and large-size firms by the GSS (Amateifio & Frimpong, 2019; Kayanla & Quatey, 2010). In Ghana, the National Board for Small Scale Industries (NBSCI) emphasized the number of tangible assets possessed by SMEs, such as machinery, land, and other assets and the total number of individuals employed by these SMEs. The criteria employed by NBSCI for every SME are that the maximum number of employees employable by SMEs should be 9. In addition, all SMEs should own a machinery and a plant to exclude land, vehicles, and building. Their total amount should exceed 10 million Ghana cedis. Similarly, the Ghana Enterprise Development Commission defined SMEs as business entities whose fixed assets such as machinery and plant should be the same 10 million cedis column (Kayanla & Quartey).

Osei et al. (1993) classified SMEs into four groups: small business firms, micro business firms, very small business firms, and medium-sized firms. In their study, they defined micro-business firms as firms that had a workforce of 6 persons. In contrast, tiny firms provide employment opportunities to a minimum of 6 and a maximum of 9 employees. The small business firms had ten employees as their minimum and a maximum of 29 employees. Also, medium-size business firms grant employment opportunities to not less than 29 and more than 50 persons. In Osei, Baah-Nuakoh, Tutu and Sowa (1993), classification employment was ultimate through their definitions. Nkual et al. (2013) defined SMEs as business entities that offered employment to a maximum of 50 persons.

In this study, Small and Medium Enterprises, also known as microenterprises, are small businesses with fewer employees and a small capital requirement. Owners and relations mostly manage small and medium enterprises. The financing, in most cases, is usually provided by the owners

Access to finance

The importance of obtaining credit for business operations funding cannot be over-emphasized as it serves as a source for business development and growth (Ayuba & Zubairu, 2015). Several academic works have posited that financial constraint has been a significant hindrance to SME development in Low Income earning countries, most especially Nigeria (Taiwo et al., 2016). The World Bank report (2011) also indicated that financing SMEs, as well as access to funds, play a vital role in the development and growth of enterprises, which also determine access to suitable markets, the desired technology, access to the needed resources all these inspire the viability and success of a business entity (Kebede & Abera, 2014). They further opine that availability of finance determines how well a business starts up, adds new products, segments, and recruits qualified staff, invests in working capital, and invests in fixed assets. Moreover, entrepreneurs with better access to the needed capital always tend to have better access to other resources such as the capital market and cheap labour with highly skilled personnel.

In many countries, credit for funding the business operations of SMEs can be obtained through various sources. In Ghana, for instance, these sources have been categorized as three; the formal source, the semi-formal source and the informal or non-institutional sources (Amarteifio & Frimpong, 2019). Ghana's Companies Code 1963 governs the establishment and incorporation of formal financial institutions. The Bank of Ghana issues licenses to these financial institutions under the Banking Act 2004 (Act 673), the ARB Apex Bank Regulations 2006 (LI 1825), or the Non-Bank Financial Institutions Act 2008. (Act 774). The Bank of Ghana regulates these financial institutions through the issue of notifications and circulars. These institutions include commercial banks, rural and community banks, micro finances, among others. These institutions required collateral and high-interest rates payments before they advanced loans.

Empirical Review

Antecedents of access to credit among SMEs

Collateral requirements

The amount of assets pledged by borrowers to a lender as security for debt repayment is collateral (Gitman, 2003). In the event of a default, the collateral security requirement is used to recover the principal amount. In the event of a default on loading, SMEs give security to financial institutions in the form of a house, land, automobile, machinery, and other assets (Garrett, 2009). Credit security must have the ability to be sold under normal market conditions, at a reasonable market price, and with reasonable promptness (Hezron & Hilario, 2016). However, in order to finance SMEs and approve credit proposals, the majority of financial institutions demanded 100 per cent or more of collateral (Mullei & Bokea, 2000).

Collateral conditions will reduce moral hazard issues by growing and accumulating a potential expense to borrowers while not giving it their all. Borrowers occasionally use financial services provided by financial institutions for their own personal and private use. As a result, when collateral conditions are in effect, they may help mitigate the negative effects that can arise from SMEs misusing financial resources (Hezron & Hilario, 2016). The majority of SMEs are rejected and discriminated against by financial institutions when obtaining financial services. This is due to the high risk involved and the failure of SMEs to have adequate collateral (Kihimbo, Ayako, & Omoka, 2012).

Small business support services

Various support services for SMEs, such as assistance programs and policy initiatives, have been implemented by national governments worldwide to ensure the SMEs sector's establishment and development. The implementation of support programs is intended to assist SMEs in connecting to the nation's more excellent developmental vision, with the ultimate goal of eliminating poverty and promoting small company growth (Charbonneau & Menon, 2013).

Argentina, Brazil, Mexico, Chile, and Uruguay have all developed and executed SME aid programs. Separate SME Acts protect such programs in the European Union and various nations. India's Micro and Small Enterprises Act, the United States' Small Business Act, Kenya's Micro and Small Enterprises Act, Tanzania's SME Development Act, and Malaysia's SME Master Plan. Globally, national and private agencies are the primary providers for small business support. However, without a doubt, the majority of SMEs are primarily unaware of the founding programs, and these SMEs are generally challenged in access credit to invest in their projects (Hezron & Hilario, 2016).

It is claimed that numerous financial schemes and funding programs in South Africa assist SMEs in obtaining finance. Typically, public and commercial institutions promote these funding initiatives and financial schemes. However, despite the fact that South Africa offers a wide range of funding schemes and programs, most small businesses are unaware of them, particularly government support programs (DTI, 2010).

When it comes to aiding small businesses in Mozambique, the situation is complex. In order to address these issues, the central government has created initiatives explicitly aimed at addressing the issue of SMEs' access to financing.

The Know and Use Financing SMEs conference, organized by banks, entrepreneurs, IPEME, and insurers to examine the financial difficulties that SMEs face, was one such initiative. Because banking and insurance companies are in charge of linking resources to SMEs, understanding the limitations and difficulties in getting banking credit is critical. According to IPEME (2013), SMEs generate more money, are more innovative, and create more jobs than larger enterprises, providing competitiveness to many countries.

Governments throughout the world may help SME owners build alternative funding arrangements for their businesses by promoting, encouraging, and aiding private initiatives . For example, the SME Promotion Institute includes a range of funding programs focused on strengthening and developing businesses, as well as providing complete company growth and management assistance.

Financial sector structure

The financial sector's competitiveness is more important than ever, particularly regarding the cost of services and products in the banking industry. Furthermore, the level of competition in financial institutions defines and provides the price of financial products and the degree of credit access for SMEs (Thorsten & Maksimovic, 2003). Therefore, direct banking competition can have a significant impact on the start-up and growth of new and young enterprises. With little or no competition among the banking institutions, the effect was that the banking sector's overall stability would be undermined. Consequently, there would be less growth of a new established business when the products and services of the financial sector are expensive (Anzoategui & Rocha, 2010).

The general banking system regulatory is expected to have a more significant implication between access to credit and market concentration. With all things being equal, the higher the banking system's regulatory regime, the more likely the entry barriers would increase. The competitive nature of the banking system relied heavily upon on the regulatory regime but not on the actual market structure of the country (Black & Philip, 2002). The bank's ownership structure influences the relationship between access to credit, the cost of external funding, and market power. Because public banks are more likely to pursue more robust enforcement tactics and more information than foreign banks, foreign banks are more willing to lend to opaque borrowers (Cetorelli & Michele, 2001).

Awareness of funding opportunities

The financial sector's information flow is critical for financial providers and SMEs (Falkena et al., 2001; Hezron & Hilario, 2016). SMEs, on the whole, needed more information to be able to identify potential financial service providers. Likewise, the banking institutions require information to empower them to assess the forthcoming risks linked with small business entities that apply for bank credit; they also seek information about the location of these business entities as well as the market segment (Othieno, 2010).

Information is concerned about SMEs' understanding of funding sources. According to Agostino (2008), crucial information is not readily available and understood by all financial market participants. In the majority of situations, according to Osano and Languitone, (2016), banks lack precise information on the businesses to whom they provide financial credit in terms of timely, accurate, and the ability of the business to repay the loan and access financial credit. The failure of the financial market generally occurs because screening of the credit application is time-consuming and costly. The lack of appropriate information on funding opportunities negatively affects the majority of small business in Africa (Hezron & Hilario, 2016).

Challenges Associated with Accessing financial credit for SMEs

Worldwide, one of the growing challenges affecting the majority of SMEs development and growth is access to financial credit or finance (Wellalage & Locke, 2017). According to the World Bank (2017), credit is a significant barrier to small business adoption and engagement in new investment opportunities for 90 per cent of small business establishments. Despite this, many SMEs' expansions are hampered by a lack of readily available credit, payment, and equity facilities. The World Bank (2017) study, as a promoter and supporter of SMEs, stated that SMEs' access to financial services can encourage the development of jobs opportunities, reduce population poverty, raise income levels, and invest in human capital.

The World Bank was acknowledged in G20 Leader's Summit Communiqué, Hamburg 2017, for the continued efforts it aims to provide adequate repository of credit to SMEs, creation of training facilities, and technology transfer to support the improvement of the capacity of SMEs. The G20 also pushed for preventative measures that would integrate SMEs into a global network that is long enough to assure their continued effectiveness. With the help of the World Bank, G20 and other international organisations, entrepreneurs with inadequate capital are faced with the challenge of obtaining commercial credit from financial institutions. The inability of SMEs to access financial capital is not only a problem for newly founded businesses; it also limits the amount of money available to carry out critical managerial and operational activities.

According to Hu and Wang (2016), China's current development in supply chain financing has opened the way for SMEs' availability and effectiveness of financial models. However, Hu and Wang also indicated vital challenges affecting the process through which SMEs can benefit from supply chain financing. Access to financial credit available to smaller business is limited compared to more prominent organizations, and the effects are that it lowers the development and growth of these smaller business (Frame et al., 2014). Baby and Joseph (2016) indicated that bank lending was tough to come by making up just about 3.85% of the bank exposure. Among some of the reasons cited was the dishonesty of business owners, lack of financial discipline, accommodation to help business associates, launching other business without a feasibility study, and the usage of short term banks funds were the most common mistakes SMEs engaged in.

Nwosu and Ochu (2017) poor record keeping as a means of evading tax obligations, high demand of loan at the expense of equity contribution in order to avoid partnership with another person, the lack of awareness of different sources of funds for SMEs development and poor governance structure are the prevailing challenges of SMEs in accessing financial credit. In Ghana, Nigeria and Bangladesh, the lack of acceptable collateral security, high-interest rate level, the complexity of banking procedures, high transactional cost and information asymmetry posed a challenge to SMEs in these countries to access the necessary financial credit for their performance (Owusu, 2019; Micheal, Giroh, Polycarp & Ashindo, 2018; Chowdhury & Alam, 2017; Adwan, Rabaya, Adwan, Al-Sheboul, 2016; Kwaning, Nyantakyi & Kyereh, 2015).

The limited access to credit is regarded as the number one obstacle constituting a percentage point of 50 obstructions to Zimbabwe growth with market-related challenges such as lack of clients, competition being second constituting 13% and other related problems (Kin, Progress & Herring, 2018). The majority of SMEs in Zimbabwe were lacking financial support from the banking institutions; hence resorted to the production of low-quality goods, for which many customers lost their confidence in transacting business with SMEs (Tinaewo, R. 2016; Gombarume, 2014).

Access to Finance and Growth of SMEs

Padacchi, Howorth and Narasihan (2012) indicated that the majority of SMEs prefer to seek financial support from the informal source than formal financial institutions because they want to maintain their firm ownership. The performance of SMEs is directly dependent on access to short term and long term performance. Baliamoune-Lutz and Lutz (2017) theorized that limited access to credit significantly influenced business entities to perform poorly. As a result of limited access to credit, most SMEs are challenged to purchase the best quality of raw materials to manufacture quality goods and services that are in accordance with international standards anticipated by firms competing in the international market (Zindiye, 2008). SMEs are often challenged to live up to their performance outcomes due to lack of access to credit or finance

In the study of Vanacker, Collewaert and Zahra (2016), they opined that slack financial resources tend to enhance the performance of business entities. They believe, however, that as the quantity of slack financial resources rises, so does the ability of SMEs to improve their performance. Abundant financial resources had a positive influence on business entities' performance, especially in European nations where credit right exists (Vanacker, Collewaert & Zahra, 2016).

Access to credit is not a challenge to many SMEs, so the credit facility is invested in projects with the high rate of return (Kappel & Steiner, 2004). To William (2006), loan performance is inspired by the size and the repayment of the loan period. To William, the more tremendous the amount of money borrowed and its repayment period is longer, the more likely the business's profitability can be achieved after fulfilling its loan repayment obligation.

MFPED (2000) argued that an exorbitant interest rate regime with a limited period of loan repayment undermined the financial performance of many SMEs. Nonetheless, an excessive interest rate generally corresponds with an increase in loan repayment obligation hence posing a challenge to a majority of SMEs operations. The high cost of credit and the availability of smaller loans to SMEs do not only affect private sector business through their enormous increase in operation cost but also affect the operational performance of these SMEs, and this in effect, negatively affect the profitability as well as the liquidity of this business (Wright et al., 2000).

Lessons learn from the review

The previous empirical review revealed that though there are many studies regarding SMEs' access to credit, there has not been any conclusive consensus among the variant studies. Employing different statistical methods and data set of varying lengths and geographical boundaries, the works have done so far have come out with divergent discoveries. While others discovered an open-minded relationship between SMEs' access to credit facility and their performance, others found a rather negative relationship. Still, others reported there is no substantial affiliation between SMEs performance and access to the credit facilities. Besides, reports of the findings of these studies seem to come from many different parts of the world, including both developed and developing countries, emphasizing how essential SMEs access to credit and performance is to the development of every economy and in which continuous research cannot be overlooked, especially, in the case such as this when results have been contradictory across regions.

It is also worth noting that regional variances have accounted for differences in results even within the same country. For example, Peter et al. (2018) looked into the impact of financial support on SMEs' performance in three Nigerian states. They pointed out that SMEs' performance and financial aid had a significant favourable association. This contrasts with the findings of

Abidemi, Adegboye, and Samuel Iweriebor (2018), who looked into the effect of access to capital in improving innovation and productivity among Nigerian SMEs in various states.

There exists a resilient relationship between access to credit and SME performance. The lack of accessibility of capital resources and credit is a major obstacle to SMEs development and prevents them from the acquisition of new technology that can make them more competitive and productive (Musinguzi, 2014). Access to credit can help improve SMEs performance by offering more assistance to them in financial management, entrepreneurship and accounting that complies with accounting principles and best prices (UNCTAD, 2002). Proprietors of small business entities and entrepreneurs usually turn to access credit for their business establishment as well as their expansion.

In literature (Kappel &Steiner, 2004; Obwona & Mugume, 2001) theorized that access to credit, operational expenses, and inflation rate affect the performance of SMEs' performance positively and negatively. The performance of SMEs in this sense is measured using the degree of output, revenue and employment level depending on how the credit from banking institutions is utilized. For SMEs to adequately finance their operational activities and perform well, a more vibrant financial position is crucial and, more importantly, a significant favourable networking capital position (Mawutor 2014; Kin, Progress & Herring, 2018). SMEs are required to finance their operational activities, such as purchasing raw materials and paying their current liabilities as they mature. To finance the purchase of raw materials and the settlement of liabilities, there existed many financial sources such as trade credit, bank credit, loans from immediate families and friends, which make their accessibility more crucial to SMEs as they determined SMEs continues existence and performance (Kin, Progress & Herring, 2018; Fatoki & Asah, 2011).

Conceptual Framework

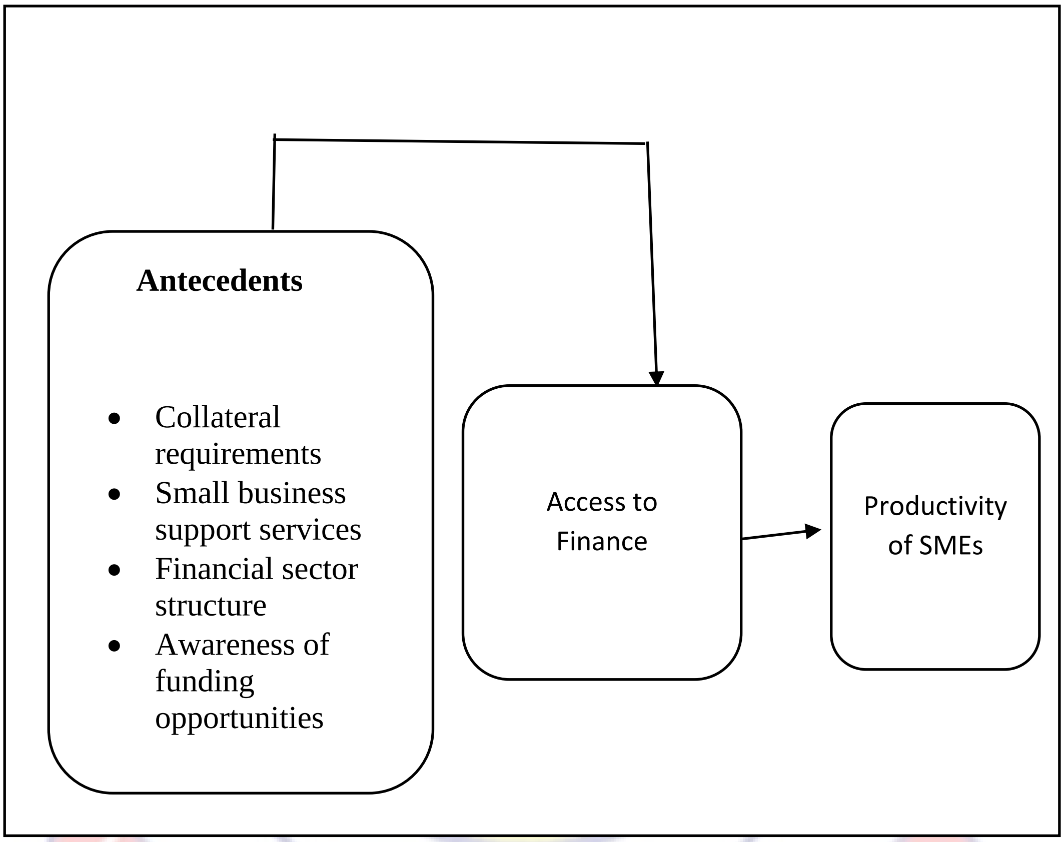

Figure 1: Conceptural Frame Work

Source: Authors Construct (2020)

Chapter Summary

This chapter focused on reviewing existing literature in support of the objective of the research paper. The concepts of SMEs access to credit were wholly discussed, especially as they relate to Ghana. Last section of this chapter dwelt on the empirical works related to the objective of the research paper. The research gap was finally spelt out as the last aspect of the chapter.

CHAPTER THREE

RESEARCH METHODS

Introduction

This section provides the methodological approaches to data collection, processing, and analysis with appropriate theoretical inferences. It goes on to talk about data collecting and processing. More specifically, information about the time and method of data collecting is provided. Finally, the chapter concludes with a description of the data measurement processes.

Research Philosophy

The study adopted the positivist philosophy. The positivist philosophy reflects the assumptions that absolute truth can be applied to the study of phenomena through a scientific approach (Alnaser, Ghani & Rahi, 2019). Therefore, the study assumes that through the application of scientific research methodology, objective results relating to the specific research objectives would be produced to inform scientific evidence-based decision-making. Empiricism is the main characteristic of positivism. It posits objective universal reality, regulated by universal laws and mechanisms; thus, it is factual sensed by human senses in the environment (Kankam, 2019). Thus, the positivist paradigm helps in generating generalizable replicable findings (Kiyala, 2019). On the other hand, positivism is criticized because it focuses on only observable phenomena at the expense of unobservable phenomena (de Chantal, Gagnon- St- Pierre & Markovits, 2019).

Research Approach

The research paper adopted quantitative approach out of the three approaches – quantitative, qualitative and mixed methods. According to

Berrios and Lucca (2006), the quantitative method relies on statistical procedures for data analysis. It employed numeric data and expresses results in numerical quantities. The study adopted a quantitative research approach to analysing the primary data that was collected. The numerical nature informed the choice of this approach of the data collected (Kumar, 2019), the statistical approach to data processing and analysis (Shiau, Sarstedt & Hair, 2019), nature of specific research objectives, theoretical inferences, nature of research design (Viotti & Kauppi, 2019), data collection instrument design and the research paradigm (Eisend & Kuss, 2019).

The study used a survey to collect data, rates responses numerically, and executes statistical processes for data analysis; the quantitative method is the best strategy for the study. According to Zikmund (1997), quantitative approach provides a succinct description of observations and tests relationships constituting economic reality. It also allowed generalization of results from the sample perspective. Nevertheless, quantitative studies do not study variables thoroughly.

Research Design

The study adopted the explanatory design of the quantitative approach. Zikmund, Babin, Carr and Griffin (2013) indicated that causal or explanatory research is carried out to identify the level and nature of cause and effect relationships. Explanatory research is usually carried out to assess the importance of specific changes on existing norms and many others since the study described the characteristics of the population being studied and reported causes and effects of relation between access to finance and SMEs productivity.

Study Area

Sissala East Municipality is one of the eleven administrative municipalities in the Upper West Region. Sissala East is bounded with Kassena Nankana West and Builsa District to the east, to the south-east with West Mamprusi District, Wa East and Daffiama-Bussie-Issah Districts to the south-west, and to the west by Sissala West District. Sissala East Municipality falls between Latitude 10° N and 11° and Longitude 1.3° W. The total landmark of the Municipality estimated at $5{,}092.8km^2$ which represent a percentage point of 26.7 of the total landmark of the region. The Sissala East Municipal Assembly is sanctioned by Ghana's central government and parliament as the highest local political administrative body empowered for implementing national policies and socio-economic development.

Revenues from SMEs in Sissale East Municipality account for just 10% of the municipality's private sector revenue despite accounting for about 92% of businesses in Sissala East municipality being SMEs. This conspicuously demonstrates the Pareto principle. For the current Ghana government's slogan of "Golden Age of Business" to succeed and for the country to reach the per capita income of US $1,000 by 2012, there is the need to steadily increase the rate of economic growth from the present level of 4-5% to 7-10%. Given that SMEs represent a vast portion of the firm tissue in the Sissala East municipality, they have an essential role in spurring growth, especially in the Sissala East municipality.

Population

According to Fraenkel and Wallen (2012), a population is a complete case of people, institutions, or items of interest who match a set of requirements for a specific study. In choosing a population for study, Banerjee and Chaudhury (2010) said the researcher should be guided by the purpose of the study or the research questions before defining the population to be studied. The target population for this research paper includes registered SMEs in the Sissala. Currently, there are 150 registered SMEs in the Sissala East municipality SMEs in the Sissala East Municipality((NBSSI, 2018). These include; manufacturing, craftspeople, agribusiness, and retail or wholesale companies.

Sampling Procedure

This study adopted the census approach, where every unit in a population is selected. Seman et al. (2016) opined that the Census method gives more reliable, accurate and unbiased results through extensive information. In addition, the census provides an accurate measure of the population with no sampling error. Therefore, it also provides reliable and accurate results (Zikmund, Babin, Carr & Griffin, 2010; Hilman & Kaliappen, 2014; Gorondutsea & Gawuna, 2017). This technique was selected because it grants unbiasedness in the selection of any of the study units.

Data Collection Instruments

A structured questionnaire was used for the primary data collection. The variables and the constructs were numerically measured. The constructs were obtained through validated instruments thorough a review of the literature. The questionnaires were employed to gather data from selected SMEs. Owners and officers of financial institutions as respondents served as proxies for their firms. Questionnaires are usually quick and simple for respondents to fill. Even though questions on a questionnaire may not cover the complete essence of a particular notion, they are more capable of delivering reliable measures than other formats (Neuman, 2014).

The questionnaire was divided into four sections, and each section would confine questions on open and close-ended. The close-ended questions are used to ascertain specific answers on the size, type and nature of operations and access to credit for SMEs. Close-ended questions provide a greater opportunity for the respondent to express their thought by providing accurate answers that are devoid of challenges. The first section of the questionnaire dealt with the participants' socio-demographic characteristics of the participants thus the age, sex, marital status, educational level, occupation, and the income level of the participants. The second section focused on questions regarding the factors influencing access to credit among SMEs. The third part of the questionnaire comprised questions on the challenges associated with accessing financial credit to SMEs. The last part of the questionnaire captured questions that evaluated the impact of access to credit facilities on the profitability of SMEs in the Sissala East Municipality.

5-point Likert Scale was used to measure SMEs access to finance, antecedent and productivity of SMEs, which rated the respondents' opinions from 1=Never and to 7=Always true based on the extent of engagement. The Likert Scale was treated as a continuous interval scale because items measuring each construct were treated as a composite measures to form a composite score for each construct in an individual summative score (Boone & Boone, 2012).

Data Collection Procedure

The research paper gathered data through the administration of a questionnaire. This data collection instrument has been regarded as dependable instrument capable of providing valid and reliable outcomes (Neuman, 2014)

A questionnaire was created and used to collect much of the data from SMEs owners who participated in the study as respondents. Field assistants printed the questionnaires and distributed them to the respondents. The questionnaires were pretests before the start of fieldwork to identify obstacles and questions that might not produce the data needed for the research report. Pretesting was conducted with several SME owners, which allowed field assistants to become familiar with the questions.

Data Processing and Analysis

The data gathered were cleansed, coded and inputted into SPSS 26.0 version for analysis. The analyses were purely descriptive for all objectives examined. The descriptive statistics were generated in the form of frequencies and bar charts. The demographic characteristics of the SMEs and the owners were first analysed and discussed using frequencies of responses. The first objective, to assess the challenges SMEs in the Sissala East Municipality encountered in accessing credit, was addressed using the mean value of responses, which were explicated based on the mean value. The second objective. To examine the antecedents of access to finance is analysed using multiple regression. The last objective aimed to examine the effect of access to finance on SMEs productivity in the Sissala East Municipality was also analysed using multiple regression.

Validity

This research paper, just like other studies, gave much significance to its research instruments validity. Leedy and Ormrod, (2010) defined validity as the extent to which research instrument measured and designed. The validity of a study is aimed at examining the usefulness and the accuracy of the instruments implemented in the study. The research paper ensured that all its instruments and techniques employed were valid. The study pretested questionnaires before they were employed to gather primary data from study participants. This, in essence, assessed the importance of the instruments in the evaluation of known variables.

Reliability

Reliability indicates the level at which variable errors are found in a measure, and these errors differ from one observation to another, and they are as well differ from one-time frame to another from any given unit of analysis that is measured twice or more by the same unit (Nachmais & Nachmais, 1981). Similarly, Abrahmson and Finifter (1981) indicated that reliability is how regular information is and to the level of which the same information is disseminated when a measurement is conducted more than once. The research paper ensured the uniformity and accuracy of its instruments for gathering data. The research paper pre-tested the instruments to ascertain the level to which these instruments could regularly measure what they ought to measure.

Ethical Consideration

To summarize, the researcher sought formal permission from the authorities of the University Cape Coast for this exercise. The benefits, as well as the purpose of the study, were fully explained to all stakeholders, particularly participants. Again, informed verbal consent of participants was sought, and no respondent was coerced into participating in the study. Where respondents had issues with respect to responding to some of the items, active steps were taken to resolve such misunderstanding. Issues such as confidentially, privacy and unanimity were carefully treated through the design of a robust structured questionnaire. No data manipulation was carried out during the data processing and analysis stage of the study. The findings were duly reported as generated.

Chapter Summary

The chapter has provided information regarding the methodological approaches the researcher followed in gathering the primary data, processes followed to ensure primary data processing and analysis, particularly in the light of the specific research objectives. Data analytical tools appropriate for the analysis were explained in the light of the nature of the measurement system employed for measuring the items that measured the constructs and variables alike

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents and discusses the results of the analysis. The study design was purely explanatory. Thus descriptive statistics were employed in analysing the quantitative data. The chapter presents and discusses each objective in succession, using the frequencies, percentages and mean observations to explain the outcomes of each objective.

Demographic Information

Frequency and percentage were appropriate for analysing the variables under consideration given the nature of measurements of a demographic features of the target population—the demographic characteristics of the respondents and their respective SMEs. Table 1 contains information on the primary business, years of operation, number of workers, registration institution, start-up capital, and source of business funding for discussion.

Core business distribution of SMEs, as presented in Table 1, showed that 65 (50%) were retail firms, 11 (8.5%) were manufacturing firms, and 54 (41.5%) were service firms. This implied that the majority of the SMEs in the Sissala East Municipality were into retailing and service, with only a handful of them being manufacturing entities. This is particularly so since manufacturing firms, relative to retail and service,, require huge initial capital outlay, which makes it difficult for the average Ghanaian to afford, thus concentrating on the retail and service jobs that can be started with any paltry sum of money. Besides, industrialization in the Upper West region compared to Greater Accra, Ashanti and Western region is less intensive, making it imprudent to invest in manufacturing firms.

Table 1: Demographic Characteristics

Variable	Description	Frequency	Per cent (%)
Core Business	Retail	65	50
	Manufacturing	11	8.5
	Service	54	41.5
	Total	**130**	**100**
Business operation type	Sole	90	69.2
	Proprietorship	14	10.8
	Partnership	26	20.0
	Private Ltd.	**130**	**100.0**
	Liability Comp.		
	Total		
Number of employees	Less than 10	106	81.5
	10 – 29	17	13.1
	30 – 50	5	3.8
	Above 50	2	1.5
	Total	**130**	**100.0**
Years of business operation	Below one year	26	20.0
	1 – 5 years	51	39.2
	Above five years	53	40.8
	Total	**130**	**100.0**
Amount of start-up capital	Below 500	70	53.8
	500 – 1000	26	20.0
	1000 – 2000	18	13.8
	Above 2000	16	12.3
	Total	**130**	**100.0**
Source of business funding	Personal savings	90	69.2
	Bank loans	11	8.5
	Borrowings:	19	14.6
	friend/relatives	10	7.7
	Total	**130**	**100**

Sour Source: Field Survey (2019)

Regarding the type of business operation, Table 1 apprises that majority of the SMEs (90 representing 69.2%) operated under the sole proprietorship form of business, while 14 representing 10.8% operated under the partnership form of business and 26 represented 20% of SMEs are operating as Private Limited Liability Company. The ease of establishment and operation, small start-up capital, and quick decision-making make the sole proprietorship forms of business find more preference than other business forms among Ghanaians, thus accounting for the above distribution. Besides, there are no formalities and officialdoms required in setting up and operating a sole proprietorship form of business. Thus, this seems to favour Ghanaians of whom the majority are illiterates and will want to escape such bureaucracies that come with setting up either partnership or private limited liability companies.

The number of employees as reported by Table 1 indicated that 106 (81.5%) of the SMEs in the Sissala East Municipal had less than ten employees; 17 (13.1%) of the SMEs in the Sissala East Municipal had 10 to 29 employees; 5 (3.8%) of the SMEs had 30 to 50 number of employees, and only 2 (1.5%) of the sampled SMEs had employees of over 50. The number of employees is significant as it forms an integral part of defining SMEs. It was observed that the majority, about 81.5%, of the sampled SMEs, had between 0 and 10 numbers employees, which fit the Ghana Statistical Service definition of small scale enterprises. That notwithstanding, Aryeetey (2001), Osei et al. (1993) and Steel and Webster (1990) considered SMEs as entities with employees not less than 30. Hence, we extended the number of employees from 10 to 29, and the distribution indicates 13.1% falling within this range, representing a cumulative percentage of 94.6% of the entire sample. Furthermore, Ayagari et al. (2005), gleaning from the global view, defined SMEs as 0 to 250 employees. In his categorisation, micro-enterprises had 1 to 9 workforce, small enterprises must have 10 to 49 labour force, while firms with 50 to 249 employees were deemed medium-scale enterprises. We therefore also looked at firms with 30 – 50 employees and above 50 employees. The distribution indicates that only 5.6% (7) of the sample were within these categories. This implies that all the sampled firms correctly fit the definition of SMEs by a number of employees, justifying their inclusion in the study's analysis.

Also indicated in Table 1 is the distribution regarding years of business operations, which is considered necessary as this can indicate experience concerning accessing and handling finance. From Table 1, 26 (20%) of the SMEs in the Sissala East Ghana have been in operation for less than a year; 51 (39.2%) have operated for one up to 5 years, while 53 (40.8%) have been in operation for more than five years. This distribution denotes that in the Sissala East Municipal, the majority of the SMEs have been operating for more than a year and thus can be deemed to have enough business experience in finance matters. Consequently, most SMEs must have developed a specific financial habit about how much funds to access and where and when to access these funds. Therefore, they equally can be in the best position to tell us the difficulties in accessing funds and the impact the funds have on their business operation.

Another basis of defining SMEs is concerning their start-up capital. it was found that 70 (53%) of the sampled SMEs in the Sissala East Municipal started the business with less than GH₵500 worth of capital; 26 (20%) started with capital ranging from GH₵500 to GH₵1000; 18 (13.8%) of them had a start-up capital in the range of GH₵1000 to GH₵2000 while 16 (12.3%) started the business with capital above GH₵2000. Cumulatively, about 114 (87.7%) commenced business with an initial capital outlay of GH₵ 500 to

GH₵ 2000. The tiny start-up capital accounts for the possible requirement of additional funds in subsequent years of operation. Related to the amount of start-up capital displayed in Table 1 is the source of business funding. 90 (69.2%) of SMEs in the Sissala East Municipal were funded from Personal savings; 11 (8.5%) were funded from Bank loans; 19 (14.6%) were funded from borrowings from friends/relatives with the remaining 10 SMEs in the Sissala East Municipality being funded by other unspecified sources of finance.

Main Objective

Objective One: Assess the challenges faced by SMEs in accessing finance facilities in the Sissala East Municipality, Ghana.

The first objective of the research paper was to describe and identify the prevailing challenges that impede SMEs access to credit. Several possible questions were posed, and responses to these indicators were valued on a 5 point Likert scale, generating the mean scores for analysis. The range of values for assessing the mean score on the Likert scale was estimated based on the general method (i.e. [max point – min. point]/max point). Table 2 presented a summary of all the responses from the SMEs concerning challenges SMEs in the Upper Region faced in accessing credit. The minimum and maximum response rates, the standard deviation and mean of responses are the main components of analysis in Table 2.

Table 2: Challenges Faced by SMEs in Accessing Credit

Statement	N	Mean	SD
SMEs lack the requisite collateral	129	3.78	0.12
The unavailability of reliable financial information proved the creditworthiness of SMEs.	128	3.62	0.12
The loan application procedure is complex and time-consuming.	129	4.05	0.11
The high interest rate charged on SME borrowings.	129	4.21	0.10
Guaranteed schemes for SME borrowings are unavailable.	128	3.79	0.11
The lack of policies initiatives that inspire banking institutions to lend to SMEs.	129	3.56	0.12
The unfair competition faced by SMEs from larger firms in accessing bank credits.	128	4.29	0.10
Average		3.9	0.78

Source: Field survey (2020)

From Table 2, there were either 129 or 128 responses, representing about 99% of the expected 130 (100%) responses. The response rate was thus excellent and this implies that the responses obtained for each indicator was the opinion pool of almost all the sample employed for the study. The lower values of standard deviation ranging from 0.10 to 0.12 compared to the mean score for each indicator suggested that the overall responses were very much clustered around the mean scores. Thus, the mean score of the responses depicted the values of the overall responses without much variability between the mean values and the values of the overall responses.

On the issue of SMEs lack of collateral security being a challenge to accessing credit, the mean value of the responses was 3.78, which rated as agree per the estimated range (3.41 – 4.20). Thus, on average, the SMEs in the Sissala East Municipal agreed that lack of collateral security as a deterrent to accessing financial credit from the banking institutions. This denoted that financial institutions would be willing to advance loans or credit to SMEs, granted that SMEs could provide the required collateral security to obtain the credit. This finding corroborated the works by Anaman and Al-Kharusi (2003), Sacredoti (2005), Chowdhury and Alam (2017), who found that the insufficiency or the lack of collateral security was a significant impediment to SMEs requisition of credit from lenders.

The average response to the second criteria, which indicated the lack of trustworthy financial information demonstrating SMEs' creditworthiness, was 3.62. This value fallss in the category agree per the computed range (3.41 – 4.20), which indicated that SMEs in the Sissala East Municipality agreed that lenders find it difficult to advance credit or loan to them due to their inability to make credible financial information available. This also implied that most SMEs in the Sissala East Municipality lack reliable financial information to enable lenders to to assess their creditworthiness; thus, the lenders who would not want to be victims of future defaults would not risk granting credit to these SMEs who may eventually become defaulters. Sacredoti (2005) underscored that the unavailability of financial information hindered loan access in Sub-Saharan Africa.

Similarly, Bass and Schrooten (2005) opine that the absence of credible credit reference was among the factors undermining SMEs in Sub Sahara Africa access to credit. Furthermore, Githaiga and Kabiru (2015) and Kwaning, Nyantakyi and Kyereh (2015) accentuated the need for SMEs to render reliable financial information as part of the requirement in accessing credit from lenders. Thus, it is clear that lack of credible financial information is one of the significant factors that impeded access to credit by SMEs in the Sissala East Municipality, as financial institutions and other lenders have no credit reference to assess the creditworthiness of these SMEs.

The third indicator – A complex and time-consuming loan application procedure – recorded a mean/average response of 4.05 which falls in the agree (3.41 – 4.20) range. This thus implied that SMEs in the Sissala East Municipality find the loan application procedure too complex and bureaucratic enough to impair their access to credit. Therefore, their access to credit is limited because they are most often put away by the lengthy and time-consuming procedures they have to comply with. This result is not one of a kind. Other studies have noted similar observations. The World Bank (2013), as cited by Isaga (2018), found that complex application procedure was among the factors that inhibited SMEs access to financial credit. More so, Michael, Giroh, Polycarp, and Ashindo (2018) explained that complex banking procedures limited SMEs access to finance.

Concerning the high interest rate is a deterrent to credit accessibility, Table 5 indicated an average value of 4.2, which is found within the computed range of strongly agree (4.21 – 5.00). This meant that practically every SME firm in the sample strongly agreed that the high-interest rates paid on SME borrowings limited their access to finance. The literature generally corroborates this conclusion, particularly studies conducted in Sub-Saharan Africa, where interest rates are very high. For instance, Bass and Schrooten (2005) discovered that high-interest rates were factors undermining SMEs' access to loans. Furthermore, in his study of the availability of credit for Nigerian SMEs, Dabo (2006) revealed that Nigerian banks charge high-interest rates, discouraging many SMEs from seeking loans. Kwaning, Nyantakyi and Kyereh (2015) also found interest rates on loans to be extremely high in Ghana, making it difficult for SMEs to secure loans from banks. High-interest rate, therefore, is an obvious impediment to loan accessibility by SMEs, as revealed in this study of SMEs in the Sissala East Municipality.

Another indicator of SMEs' challenges in accessing financial credit was the lack of guaranteed schemes for SME borrowings. From Table 5, this was the fifth indicator and recorded a mean value of 3.79, being in the range of agree (3.41 – 4.20). This suggested that most of the SMEs in the Sissala East Municipality agreed that the lack of appropriate guaranteed schemes in the country dulled banks and other lenders to advance loans to SMEs. Guaranteed schemes enable banks to obtain guarantees from unsecured lending. Thus, in the absence of guaranteed schemes, banks and other credit lenders find it difficult to give loanss to SMEs that mostly failed to repay loans. In the UK, for instance, the formation of the National Loan Guarantee Scheme had since enabled banks to advance cheaper loans to small business borrowers (United Kingdom Debt Management, 2012). Therefore, it is not surprising that SMEs in the Sissala East Municipality agreed that lack of appropriate guarantee schemes dampened lenders' interest in advancing credit to them.

On the issue of the lack of policies initiatives that inspire banking institutions to lend to, Table 5 indicated a mean response value of 3.56, which is in the range of agreed (3.41 – 4.20). This implied that the majority of SMEs in the Sissala East Municipality agree with the view that there are no policies in place, either by the government or by any private agency, to inspire banking institutions to lend to SMEs. In many developed countries, for instance, there have been expansionary rather than restrictive monetary policies aimed at increasing liquidity in their economies through the use of discount rates among other things. The expansionary monetary policies resulted in decreased interest rates on borrowings, permitting every sector, including SMEs, to access bank loans at affordable prices. The opposite is, however the case in developing nations, where monetary policies have often been restrictive. Apart from monetary policies being restrictive and inhibiting lending, Kwaning, Nyantakyi and Kyereh (2015) noted no tax incentives in Ghana for financial institutions involved in SME lending. Besides, they further recommended the formation of SMEs' association to serve as a guarantor for the contraction of loans by SMEs. It is thus evident that in the absence of the policies mentioned above, it is a fact that SMEs would have a challenge securing credit from financial institutions.

Regarding the last indicator – The unfair competition faced by SMEs from larger firms in accessing bank credits. The average response value was 4.29, which was in the range of strongly agree (4.21 – 5.00). This implied that SMEs in the Sissala East Municipal strongly agreed that they are discriminated against by large enterprises in accessing financial credits from banking institutions. Financial institutions found it more rewarding to grant loans and other financial aid to large enterprises to the neglect of SMEs. Large enterprises, unlike SMEs, are deemed creditworthy as they have the collateral security and are less likely to become defaulters. This finding was in line with Chowdhury and Alam (2017) study, which discovered that small businesses, as opposed to the larger ones, face funding obstacles and are discriminated against by the financial institutions in granting loans. Thus, it is clear that rational and profit institutions prefer lending to larger firms that can pay back loans with interest.

Objective Two: Examine the antecedents of access to finance among SMEs in Sissala East Municipality Ghana.

Objective two of the study examined factors that influence access to credit among SMEs in the Sissala East municipality. Table 3 shows that the regression model was statistically significant (F=23.02, p<0.001). It shows that the independent variables predicted the dependent variable. According to Fidell, Tabachnick, Mestre, and Fidell (2013), if this condition is met, the independent variables do an excellent job of explaining the variation in the dependent variable. The p-value is well below in this analysis ($\rho = .000$). Thus, factors such as the availability of business support services, the collateral requirement for accessing credit, the financial sector's structure, SMEs' awareness of business funding opportunities, family and relative support, and the size and scope of SMEs' operations all influence their ability to obtain financial credit.

The results from Table 3 further show two values of concern beneath the table, the R-Correlation Coefficient and the R-Square Coefficient of Determination. The coefficient of Determination indicates the relationship between the Independent and the Dependent variable. The proportion of variation in the dependent (SMEs productivity) variable is explained by the regression model or the independent variable (access to financial credit). An Adjusted R^2 value of 0.65 indicates about 65% of the variation in the SMEs productivity in Sissala East Municipality, Ghana. The remaining variation (35%) in performance may be due to other factors not captured in this study. The Pearson Correlation coefficient is represented by the R-value. The R-value of 0.69 demonstrates a favourable link between SMEs productivity and access to financial loans.

Table 3 shows that all the factors influence access to credit positively except the collateral requirement for accessing credit, which negatively affects it (β=-2.188, t=3.128, p=0.021). Thus, a reduction of 2.188 in collateral requirement cause a per cent changer or increase in access to credit. Among these factors, the collateral requirement for accessing credit highly influence access to credit facilities, followed by availability of business support services (β=1.122, t=5.541, p=0.011), the structure of the financial sector (β=0.914, t=0.721, p=0.323) and awareness of business funding (β=0.824, t=2.981, p=0.012). However, the most minor factors that affect access to credit included family and relative support (β=5.62, t=0.926, p=0.431) and the size and level of SMEs operations (β=0.356, t=3.110, p=0.043). Nevertheless, these causes and effects were not statistically significant concerning the only the structure of the financial sector and family and relative support, while the rest of the factors were significant.

Access to financial credit makes funds available to cover both variable and some fixed costs, increase production and profit that intend to increase productivity of SMEs in Sissala East Municipality in the Upper West Region. Therefore, access to financial credit influence the productivity of SMEs in Sissala East Municipality. Evidence from the literature supports the finding of this study. For instance, Mullei and Bokea (2000) indicated that many financial institutions require adequate collateral from SME operators before accepting credit proposals from them and subsequent funding of the business. As further noted, the availability of the demanded collateral becomes the determining factor in access to the requested credit. Only those who can meet the collateral requirement are given access to the available credit, and those who could not afford it are denied access. As indicated by Kihimbo et al. (2012), the demand for collateral has resulted in the inability of many SMEs to access credit for their operation.

On the other hand, Hezron and Hilario (2016) argued that the collateral requirements had decreased the risk and undesirable consequences of misappropriation and improper use of financial resources among SMEs. Also, studies have shown that the level of awareness of the business support services, including finance, has a significant influence on the accessibility to these services (Charbonneau & Menon, 2013; Hezron & Hilario, 2016; Rambo, 2013). In a study, Hezron & Hilario (2016) observed that most SMEs are mostly unaware of the founding programs. These SMEs are generally challenged in accessing credit to invest in their projects. Rambo (2013) argued that the Kenyan government established the Micro and Small Enterprises Act to improve SMEs' access to finance and other business support services. However, evidence suggests that most SMEs, particularly those in the informal sector, have been unable to take advantage of this opportunity because they are unaware of it.

Table 3: Multiple regression analysis of Factors Influencing SMEs Access to Credit

Model	Unstandardized Coefficients		t-stat	Sig.
	B	Std. Error		
(Constant)		0.484	5.580	.000*
Business support	1.112	0.154	5.541	.011*
Collateral	-2.188	0.321	3.128	0.021*
Structure of financial sector	0.914	0.762	0.721	0.323
Awareness of business funding opportunities	0.824	0.631	2.981	0.012*
Family & relatives support	0.562	0.282	0.926	0.431
Size & level of SMEs operation	0.356	0.711	3.110	0.043*

*$p < 0.05$

$R^2 = 0.67$

Adjusted $R^2 = 0.65$

F distribution = 23.02

Source: Field survey (2020)

Objective Three: Analyse the effect of access to finance on the productivity of SMEs in the Sissala East Municipality Ghana.

The last objective of the research paper examined the impact of credit access on SMEs' productivity in the Sissala East Municipality. Four indicators – funds being able to adequately/partly cover variable cost only, funds being able to cover both variable and fixed cost, funds increasing production than before, and increase in overall business profit – were used in analysing how access to credit impacted the productivity of SMEs in Sissala East Municipality. A composite was formed out of these four indicators, and its effect was examined on SMEs' and the results are presented in Table 4.

Table 4 shows that the regression model was statistically significant (F=18.54, p=0.00). It shows that the independent variable predicted the dependent variable. If this requirement is met, the independent variable performs a decent job of explaining the variance in the dependent variable, according to Fidell, Tabachnick, Mestre, and Fidell (2013). The p-value in this analysis is substantially below.05 (ρ=.000). As a result, SMEs' profitability is predicted by their ability to obtain financial financing.

The results from Table 4 further show two values of concern beneath the table, the R-Correlation Coefficient and the R-Square Coefficient of Determination. The coefficient of Determination indicates the relationship between the Independent and the Dependent variable. The proportion of variation in the dependent (SMEs productivity) variable is explained by the regression model or the independent variable (access to financial credit). An Adjusted R^2 value of 0.58 indicates about 58% of the variation in the SMEs productivity in Sissala East Municipality in the Upper West Region. The remaining variation (42%) in performance may be due to other factors not captured in this study. The results further indicated a significantly moderate positive relationship between access to financial credit and SMEs productivity.

Moreover, Table 4 revealed that access to financial credit positively (β=1.112, t=5.653, p=0.001) affect SMEs productivity. Furthermore, this effect is statistically significant. Thus, access to financial credit makes funds available to cover both variable and some fixed costs, increase production and profit that intend to increase productivity of SMEs in Sissala East Municipality, Ghana.

This finding has been confirmed by Onyiego, Namusonge and Waiganjo (2017), who also recorded a substantial positive relationship between hotel performance and access to credit in Mombasa, Kenya. Similarly, Peter, Adegbuyi, Olokundun, Peter, Amaihian and Ibidunni (2018) also found that financial assistance improved SMEs' performance across three Nigerian States. Other works that corroborate this finding include Nyangoma (2012), Olawale and Garwe (2010). However, the positive bond between SMEs profitability performance and access to credit have been contradicted by studies like Sibanda, Hove-Sibanda, and Shava (2018) in Zimbabwe, Githaiga and Kabiru (2015) in Eldoret town and Abidemi, Adegboye and Iweriebor (2018), who discovered a negative relationship between the variables under study.

Table 4: Effect of Access to a financial credit on SMEs productivity

Model	Unstandardized Coefficients		t-stat	Sig.
	B	Std. Error		
(Constant)		0.421	7.752	.000*
Access to financial credit	1.112	0.154	5.653	.001*

*$p < 0.05$

$R^2 = 0.62$

Adjusted $R^2 = 0.58$

F Stat = 18.54

Source: Field survey (2020)

Chapter Summary

This section of the research paper focus was on the presentation n and discussion of the results. The chapter discussed the four objectives in succession. Beginning from the description of SMEs, the chapter also discussed the challenges SMEs in Sissala East Municipality in the Upper West Region encounter in accessing credit, the factors influencing the access to credit among SMEs and how access to credit impacts SMEs profitability. Finally, the results were discussed using descriptive statistics and frequencies.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

The study's summary and conclusion are presented in this section. It described the primary findings by drawing inferences and discussing the ramifications of the findings gained from the field data analysis. Finally, the chapter concluded with some recommendations based on the findings and suggestions for future research.

Summary of Findings

The study investigated the relationship between SME performance and access to financial credit in Sissala East Municipality in the Upper West Region of Ghana. Specifically, the study examined the types of SMEs found in Sissala East Municipality. Additionally, the study assessed some of the challenges SMEs in Sissala East Municipality face in accessing financial loans from banking institutions. Moreover, the study attempted to identify the factors influencing access to credit among SMEs. Finally, the research paper aimed to ascertain the impact of access to credit on the profitability of SMEs in Sissala East Municipality.

In addressing the objectives mentioned above, the study reviewed relevant empirical and theoretical related to the objectives. The concept of access to credit and SMEs was explicated. Theories reviewed included the pecking order, firm life cycle and trade-off. The research paper also reviewed the empirical literature on each of the four objectives by disclosing the bond between SMEs performance and access to credit in extant literature.

The research paper adopted the quantitative research approach and used an explanatory research design. The study explicated how credit accessibility related to the performance of SMEs in Sissala East Municipality. The research paper population comprised all SMEs in Sissala East, the size of which was not defined. A sample size of 130 firms was chosen based on the purposive sampling method under the non-probability sampling technique. Data was obtained by administering questionnaires to the respondents who constituted the sample. A questionnaire was designed based on the three objectives, which were measured using several indicators.

From the analysis, key findings from the study can be summarized as follows;

1. In general, the study discovered that most SMEs in the municipality (81.5%) were retail firms and sole proprietorships with fewer than ten employees. Also, the majority of the SMEs are valued at less than GH¢2,000 though they have been in existence for above five years.
2. According to the study, the need for collateral before getting credit, lack of understanding of business funding alternatives, and availability of business support services were the primary factors influencing or driving loan accessibility among SMEs in the Sissala East Municipality. The majority of the business operators' studies revealed that these factors have accounted for their inability to access credit facilities from financial institutions and other funding agencies. Thus, the collateral requirement for accessing credit highly influence access to credit facilities, followed by availability of business support services (β=1.122, t=5.541, p=0.011), the structure of the financial sector (β=0.914, t=0.721, p=0.323) and awareness of business funding

(β=0.824, t=2.981, p=0.012). However, the most minor factors that affect access to credit included family and relative support (β=5.62, t=0.926, p=0.431) and the size and level of SMEs operations (β=0.356, t=3.110, p=0.043). Nevertheless, these causes and effects were not statistically significant concerning the only the structure of the financial sector and family and relative support, while the rest of the factors were significant.

3. On the challenges SMEs in Sissala East Municipality faced in accessing credit, the study found that high-interest rates and unfair competition from larger firms in contracting bank credit are the most critical challenges impeding their ease of financial access. Other factors include the lack of collateral security, the complexity of loan application procedures and the non-existence of guaranteed schemes for SME borrowing, among others.
4. For the impact of access to a financial credit on SMEs profitability in Sissala. It was found that positive access to financial credit (β=1.112, t=5.653, p=0.001) affects SMEs' productivity.

Conclusion

Having critically examined the nature of SMEs in the Sissala East, it has been observed that almost all SMEs bear similar characteristics of low initial or start-up capital emanating from personal finances, being predominantly sole proprietorship form of business and primarily operating as retail businesses, having a few employees, having difficulty in accessing external funds among other features. This makes SMEs in Sissala East Municipality not different from other SMEs in rural areas across Ghana. As further observed by the study, interest in credits is high for SMEs, which has hindered their access to adequate finance for their operations. Even if the interest rates were low, many SMEs could not still access the credit facility because they lacked collateral/security and adequate, reliable financial statements, as was revealed.

The impact of financial resources on the profitability, growth and sustainability of SMEs cannot be downplayed. However, it is important to indicate that the high rate of interest charged on SMEs' credits negatively impacts their growth, thus making loans or credit less beneficial to the SMEs in Sissala East Municipality. Though the loans could help expand productivity and operating profit, the increased profit levels have been eroded by the high-interest payments. However, it concluded that access to credit had a a significant impact on the profitability or performance of the SMEs in Sissala East Municipality in the Upper West Region of Ghana.

Recommendations

From the results, it has been clear that the SMEs sector in the Sissala East has been challenged with many issues that need the attention of policymakers. As a result of this observation, the study has made several practical recommendations, based on the findings. These recommendations are the following;

1. The interest rate on credit facilities for businesses is high. Coupled with the limited number of microfinance institutions and unrealistic collateral requirement,s, most SMEs cannot access credit from the public microfinance institution to fund their operations. According to the findings, the Bank of Ghana (BoG) should establish a unique rate

for SMEs lower than the general interest rate on loans. As a responsibility, the BoG should take all the necessary steps towards ensuring that commercial banks comply with the special lending rate for SMEs. In addition, the study recommends the establishment of guaranteed schemes specifically for SMEs. This will waive the demand for collateral for SME borrowings. The implementation of these recommendations will improve SMEs access to financial resources for their operations.

2. Also, the study observed that a good number of SMEs are unaware of the available lending opportunities to them. This lack of knowledge or information has limited their accessibility. Accordingly, the study recommends that NBSSI and MASLOC having the mandate to assist SMEs to grow, should embark on rigorous education and training on SMEs' various sources and funding opportunities. This will widen their knowledge on access to credit facilities and eventually increase their access to funding.
3. SMEs should be sensitized or educated on the essence of accessing credit facilities and how to utilize credit as it boosts productivity.
4. Lastly, the study observed that SMEs are characterised by the poor keeping of important business and financial records, which are critical to the assessment of their businesses. With this, the NBSSI, MASLOC and Microfinance institutions are recommended to collaborate towards organizing periodic training and capacity building workshops for SMEs operations in order to enhance their knowledge on sustainable

business practices such as records keeping. This will enable them to prepare adequate records capable of meeting collateral demands.

Suggestions for Future Research

Considering the potentials of the SMEs in alleviating poverty among people in the Sissala East and the Upper West Region at large, future researchers need to consider undertaking more scientific research into issues confronting the SMEs sector. Accordingly, the study recommends that potential research consider the various factors preventing microfinance institutions from supporting SMEs and how these institutions can help policymakers strengthen the operations of SMEs. This study is optimistic that, if adequately developed, SMEs will contribute to a solution capable of addressing the unemployment and livelihood difficulties that people, particularly women, face in the Sissala East Municipality of the Upper West and Ghana.

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APPENDICES

APPENDIX A

QUESTIONNAIRE FOR SMALL AND MEDIUM ENTERPRISES IN THE SISSALA EAST MUNICIPALITY

TOPIC:

IMPACT OF ACCESS TO FINANCE ON THE GROWTH OF SMALL AND MEDIUM ENTERPRISES IN THE SISSALA EAST MUNICIPALITY OF THE UPPER WEST REGION OF GHANA

QUESTIONNAIRE FOR SMALL AND MEDIUM ENTERPRISES

I am a Master of Business Administration student (Finance option) at the University of Cape Coast. I have designed the following questionnaire based on the above topic. I kindly request you to answer all the questions to the best of your knowledge. All information collected via this questionnaire is confidential and will only be used for the purpose of this research.

The purpose of this study is to identify and analyse the effect that access to finance has on the growth of small and Medium Enterprises in the Sissala East Municipality in the Upper West Region of Ghana.

Instruction: Please, for each statement tick [√] the appropriate box that corresponds to your choice and provides extra information where necessary.

SECTION A: Background Information of Respondent

1. Sex: Male [ ] Female [ ]
2. Age: 18 – 25 yrs [ ] 26 – 35 yrs 36 – 55 yrs [ ] Above 55 yrs [ ]
3. Highest level of Education: None [ ] Primary[ ] JHS [ ] SHS [ ] Tertiary [ ] Postgraduate [ ]
4. Years of business operation: Below1yr [ ] 1-5 yrs [ ] Above 5 yrs [ ]
5. Number of employees: Below 10 [ ] 10 - 29 [ ] 30 – 50 [ ] Above 50 [ ]
6. What describes your core business? Retail [ ] Manufacturing [ ] Service [ ]
7. How is the business operated? as sole proprietorship [ ] as private limited company [ ] as partnership [ ]

SECTION B: Sources of funds for SMEs

8. To what extent do you agree or disagree with the following regarding the sources of funding for your business.

   1= Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

Source	**1**	**2**	**3**	**4**	**5**
Self					
Family and Friends					
Bank Loan					
Government grant					
NGO scheme					
Private money lender					

9. What is your level of agreement with the following as requirements for obtaining funds to finance your business besides self and family & friends?

   1= Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

Requirement	**1**	**2**	**3**	**4**	**5**
Business plan					
Financial statements					
Business total assets					
Owners' equity					
Security/Collateral					

SECTION C: Influence of funds on Performance of SMEs

10. Please indicate your level of agreement as regards the effects of funds on the growth of your business.

    1= Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

Effects of funds on business	**1**	**2**	**3**	**4**	**5**
Funds are able to adequately finance fixed cost only					
Funds are able to adequately cover the variable cost only					
Funds are able to cover both fixed and variable costs only					
I have been able to increase production than before					
My profit has increased					

SECTION D: Challenges of Accessing Funds

11. Please indicate your level of agreement with regards to challenges in accessing funds for your business.

1= Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

Statement	**1**	**2**	**3**	**4**	**5**
SMEs lack required collateral.					
SMEs cannot provide reliable financial information to prove the credit worthiness of the firm.					
Loan application procedure is complex and time-consuming.					
High interest rate charged on SME borrowings.					
Guaranteed schemes for SME borrowings are unavailable.					
Technical support for SMEs in accessing bank credit is unavailable.					
There are no policies that encourage commercial banks to lend to SMEs.					
There are no subsidies in place for interest payment.					
SMEs face unfair competition from large enterprises in competing for bank loans.					

THANK YOU VERY MUCH FOR YOUR TIME

APPENDIX B

QUESTIONNAIRE FOR FINANCIAL INSTITUTIONS IN THE SISSALA EAST MUNICIPALITY

TOPIC:

IMPACT OF ACCESS TO FINANCE ON THE GROWTH OF SMALL AND MEDIUM ENTERPRISES IN THE SISSALA EAST MUNICIPALITY OF THE UPPER WEST REGION OF GHANA

QUESTIONNAIRE FOR FINANCIAL INSTITUTIONS IN THE SISSALA EAST DISTRICT

I am a Master of Business Administration student (Finance option) at the University of Cape Coast. I have designed the following questionnaire based on the above topic. I kindly request you to answer all the questions to the best of your knowledge. All information collected via this questionnaire is confidential and will only be used for the purpose of this research.

The purpose of this study is to identify and analyse the effect that access to finance has on the growth of small and Medium Enterprises in the Sissala East Municipality in the Upper West Region of Ghana.

Instruction: Please, for each statement tick [√] the appropriate box that corresponds to your choice and provides extra information where necessary.

Name of institution: GCB [ ] ADB [ ] Credit Union [ ] Rural bank [ ]

Position of officer respondent: Manager [ ] Director [ ] Secretary [ ]

1. Do you have any special financial package for SMEs in your financial institution?

Yes [ ] No [ ]

2. If yes, do SMEs patronize these facilities? Yes [ ] No [ ]

3. What much credit facility in terms of Ghana Cedis does your institution provide to SMEs?

Up to 5,000 [ ] 5,000 to 10,000 [ ] 10,000 to 20,000 [ ] More than 20,000 [ ]

4. What category of SMEs do you provide credit facility to?

Sole traders [ ] Partnership enterprises [ ]

Individual business entrepreneurs [ ]

5. Name the main criteria used by your institution in granting a credit facility to SMEs

I. --

II. --

III. ---

6. Have you ever rejected/turn down a credit application form SMEs?

Yes [ ] No [ ]

7. If yes, what was the reason for rejection?

I. --

II. --

III. ---

8. What are the challenges you face when processing credit facilities for SMEs?

I. --

II. --

III. ---

9. Do SMEs who accessed credit facility fulfil their part of the repayment contract? Yes [ ] No [ ]

10. How many SMEs do you provide credit access to in a year?

Below 10 [ ] 10 to 20 [ ] 20 to 30 [ ] 30 to 40 [ ] above 40