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FINANCING SMALL AND MEDIUM SCALE ENTERPRISES IN MADINA MUNICIPALITY: THE CASE OF GCB BANK

BY

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CERTIFICATION

I, Eugene Ansa-Akyea, hereby declare that this research report herein submitted as a thesis for the award of Master of Science (Accounting and Finance) has neither been entirely nor partially submitted for any other degree elsewhere. Nonetheless, works of other researchers and authors which served as sources of information were duly acknowledged.

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DEDICATION

This work is dedicated to Almighty God who graciously gave me the power, health and other resources to successfully accomplish this research amid other competing demands and to my family especially my parents Mrs. Irene Ansa-Akyea, Gifty Adubea Adu Matilda Folson and Chris Robert Folson and also my brother Anthony Aggrey.

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ABSTRACT

The study investigates the Financing of Small and Medium Scale Enterprises in Madina Municipality: The Case of GCB Bank. Descriptive and explanatory research design were used. Sample size of 300 respondents was selected using purposive sampling technique. Data on responses was obtained using questionnaire and was analysed quantitatively using descriptive statistics and regression model. The study established that Cash-flows from portfolio of securities, Deposit mobilization, and Net income were the major SMEs financing sources adopted by the bank which has a positive relationship with the bank's profitability. Again, the challenges associated with SMEs financing includes the Inability of SMEs to provide Collateral for loans. Cost of securing a loan was too high, inability of SMEs to present audited financial statement, lack of education on fund credit officers. Also, GCB's SMEs financing have a significant positive effect on SMEs Financial Performance. The study recommends that in expanding small enterprise lending, banks need to develop alternatives to property as collateral to secure loans, such as personal guarantors, sales contracts and lien on equipment financed.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Globally, Small and Medium-sized Enterprises (SMEs) are very crucial to the development of economies. The SME's sector has been extremely dynamic in the United States and few other countries across the world. On the contrary, many continental European countries and Japan have experienced a low dynamism of SMEs performance. Additionally, these countries believe that the lack of dynamism in the SMEs sector has a broad negative repercussion for employment creation and competitiveness (OECD, 2006).

The SMEs constitute about 90% of total business units in Ghana and account for 60% of Ghana's employed labour force. They are often described as efficient and prolific job creators, the seeds of big businesses and the fuel of national economic engines. Even in the developed industrial economies, it is the SME sector that is the largest employer of workers (Mullineux, 1997). This is also supported by a research done on small businesses in the United States by Charles Ou in 2006, which indicated that U.S. small businesses numbered 23 million and it employed about half of the private sector work force, and also produces about half of the nation's private sector output.

In Ghana, Baidoo (2018) outlined the important role play by SMEs in the development of the economy of Ghana. It was stated that the presence of SMEs in the country leads to job-creating of the teeming youths as they formed about 92% recognized businesses in the country and contributed to 70% of the GDP, (Baidoo, 2018). The governments in Ghana in the seventh (7th) republic also made efforts of empowering the citizens of the country through the formation of SMEs to make them self-reliant and creation of jobs to others in the economy (Seidu, 2019). Further, Abor (2007) emphasized that the efforts of various governments to ensure SMEs are competitive in their activities are to ensure the enhancement of social well-being, prevention of hunger and poverty and sustainable employment for all people of the country.

Unfortunately, SMEs over the years are constrained by certain factors that usually retrogress their performance globally. Seidu (2015) stated inputs constraint, financial constraints, and regulatory constraint among others as the major challenges facing SMEs globally. Several empirical studies identified access to finance as the main constraint of SMEs in both developed and developing economies. Another empirical finding has it that most SMEs do not survive more than five years because of liquidity challenges with their operations (Abimbola & Jegede, 2017). Besides, Forbes (2018) explained that most small SMEs have struggled in business for a few months into their operations as they have underestimated the ability to provide sufficient financing.

In view of the perennial financing challenge faced by these SMEs, many interventions have been made by the government through its recent monetary policy and financial sector reforms. These have substantially increased banks' lending to the private sector but limited access to credit, high interest rates and prohibitive collateral requirements still pose significant constraints to the growth of many SME's. Access to medium to long- term financing necessary for capital investment is still tight. (USAID's DCA Ghana Impact Brief, 2009)

Another area of constraint, which tends to block the flow of credit to SMEs, is lack of information. Small business owners most often possess more information about the potential of their own businesses but in some situations, it can be difficult for business owners to articulate and give detailed information about the business as the financiers want. Additionally, some small business managers tend to be restrictive when it comes to providing external financiers with detailed information about the core of the business, since they believe in one way or the other, information about their business may leak through to competitors (Winborg & Landstrom, 2000). Aside their unwillingness to disclose information to financiers, SMEs in Ghana are also faced with the challenge of proper book keeping practices that makes it difficult for financiers who are even willing to assist to do so.

The seeming lack of finance for Ghanaian SMEs is not only retarding their expansion but also the growth of the nation's economy. Macroeconomic conditions in Ghana in 2000 severely constrained private sector access to credit. High levels of government borrowing pushed interest rates up and crowded the private sector out of the financial markets. With government treasuries paying real interest of 16.8 percent, banks had little incentive to take on what they perceived as riskier private sector debt. (USAID's DCA Ghana Impact Brief, 2009).

In a nut shell, the role of Small and Medium-Sized business Enterprises (SMEs) in contributing to economic growth and development cannot be underestimated. The activities of SMEs in developed, developing and emerging economies have outlined in several empirical studies and how they have impacted growth and productivity across the globe (Osei-Assibey, 2013). Finance acts as a mechanism that facilitates the sustainability and development of SMEs and businesses as a whole in emerging, developing and developed economies. Whilst new businesses need financing as capital for the commencement of their business operations; the existing businesses also need adequate financing as a source of working capital for the sustainability of their business (Fuseni, 2015). SMEs also need financing for expansion, the pay remuneration to their employees, this facilitate their business of exporting and importing as well as stay competitively in the areas of doing business. They also create employment in all sectors of an economy; services industry, manufacturing, production.

1.2 Statement of Problem

A study by Ackah & Vuvor (2017) concluded that, regardless of the contribution of SMEs in the Ghanaian economy, the financial constraints they face in their operations are daunting and this has had a negative impact on their development and also limited their potential to drive the national economy as expected. This is worrying for a developing economy without the requisite infrastructure and technology to attract big businesses in large numbers.

Furthermore, majority of SMEs in Ghana lack the capacity in terms of qualified personnel to manage their activities. As a result, they are unable to publish the same quality of financial information as those big firms and as such are not able to provide audited financial statement, which is one of the essential requirements in accessing credit from the financial institution (Ackah & Vuvor, 2017). This is buttressed by the statement that privately held firms do not publish the same quantity or quality of financial information that publicly held firms are required to produce. As a result, information on their financial condition, earnings, and earnings prospect may be incomplete or inaccurate. Faced with this type of uncertainty, a lender may deny credit, sometimes to the firms that are credit worthy but unable to report their results (Coleman, 2018).

Lastly, most SMEs in the country do not have the capital base to meet the collateral requirement by the banks before credit is given out. In the situation where some SMEs are unable to provide collateral, they often end up being inadequate for the amount they needed to embark on their projects. Against this backdrop, the study to critically asses the financing means of SMEs in Ghana with special focus on Ghana Commercial Bank (GCB) in order to unlock any risk and opportunities associated with the financing.

1.3 Objectives of the Study

The general objective was to investigate the financing of small and medium-sized enterprises by commercial banks in Ghana with particular focus on GCB in Ghana within the Madina Municipality of Ghana. Specifically, the study seeks to:

1. Identify the sources of funding viable to finance small and medium-sized enterprises by Ghana Commercial Bank. .
2. Identify the challenges faced by Ghana Commercial Bank in financing small and medium-sized enterprises within the Madina Municipality.
3. Investigate how the funding of small and medium-sized enterprises by GCB has influenced the financial performance of small and medium-sized enterprises in the municipality of Madina.

1.4 Research Questions

1. What are the sources of funding viable to finance SMEs by Ghana Commercial Bank?
2. What are the challenges faced by Ghana Commercial Bank in financing SMEs within the Madina Municipality?
3. What is the effect of GCB's small and medium-sized enterprises financing on the financial performance of small and medium-sized enterprises in the Municipality of Madina?

1.5. Significance of the Study

The study expected to be of significance to numerous stakeholders in Ghana. Thus, proper understanding of SMEs financing in Ghana is very crucial since it would present the problem from the perspective of the SMEs thereby making it a base line study for policy interventions by state agencies, development partners and non-governmental organization with missions to develop the SME sector. Given that, SMEs considered as a back bone for the Ghanaian economy the complete knowledge and awareness of their financing strategy should help to improve the ability of banks support them perform better in their operations. The study will enable credit officers to identify the capabilities and weakness of SMEs in accessing credit from commercial banks. Again, the study will enable the banks to developed financing strategy in a way to improve the performance of SMEs in Ghana. The current study will also add to literature and serve as the basis for advance studies in finance among the SMEs.

1.6 Scope of the Study

Content-wise the study encompasses the financing of SMEs by commercial banks in Ghana with particular focus on GCB. Geographically, the study was conducted on SMEs within the Madina Municipality of Ghana. Madina Municipality served as a setting for the study because the municipality has a growing SMEs base. Responses were obtained from managers and credit officers of all GCB branches in the Madina Municipality of Accra Ghana and SMEs customers of all GCB branches in the Madina Municipality of Accra Ghana.

1.7 Limitations to the Study

The study is restricted to only GCB due to time and financial constraints. This may affect the generalizability of the study hence further study is encouraged in the near future to fill the gap. Respondents might produce bias responses due to fear of divulging sensitive information. This might influence the outcome of the study. Language is a strong barrier in terms of respondents' inability to clearly understand the English language. This might produce bias responses.

1.8 Organization of the Study

The study is presented in five chapters. Chapter one present the introduction into the study. Chapter two present the literature review of the study. Chapter three present the research methods. Chapter four present the results and discussions. Chapter five presents the summary of findings, conclusions and recommendations of the study.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This Chapter presents the review of literature on the research area. The chapter presents the conceptual review, theoretical review, empirical review and the conceptual framework.

2.1 Conceptual Review

2.1.1 Definition of Small and Medium Scale Enterprise

There is barely any unique, widely recognized definition of small and medium-sized enterprises, since the classification of small and large enterprises is a subjective decision (Ekpeyong & Nyong, 2016). The 1992 review by the National Council on Industrial Standards described small and medium-sized enterprises (SMEs) as enterprises with total cost (including working capital but excluding cost of land above 31 million but not exceeding 50 million with a labour size of between 11 and 300 employees. It is clear that SMEs are usually small own or family managed business with its goods and services being basic. SMEs also tend to lack the organization and management structure, which characterize large-scale entrepreneur. Urban SMEs tend to be more structured than their rural counterpart. Small and Medium Scale Enterprises (SMEs) as defined by the National Council of Industries (2015) refer to business enterprises whose total costs excluding land is not more than two hundred million Ghana Cedis only.

Although, there exists no consensus among policy makers and scholars concerning the point at which a business firm is deemed to be small or medium. The United Nations Industrial Development Organization (UNIDO) identified fifty definitions of small-scale business in seventy-five different countries based on parameters such as installed capacity utilization, output, employment, capital, type of country or other criteria, which have more relevance to the industrial policies of the specific country. However, it has been suggested that the SMEs sub-sector may comprise about 87 per cent of all firms operating in Ghana, excluding informal - enterprises. USAID (2015) defined enterprises as informal businesses employing five or fewer workers including unpaid family labour; small enterprises as those operating in the formal sector with five to twenty employees; and medium enterprises as those employing 21 to 50 employees.

Egbuogu (2015) noted that definitions of SMEs vary both between countries and between continents. The major criteria use in the definitions according to carpenter (2015) could include various combinations of the following: Number of employees, financial strength, Sales value, Relative size, Initial capital outlay and Types of industry. Inang & Ukpong (1992) however, stressed the indicators prominent in most definitions namely, size of capital investment (fixed assets), value of annual turnover (gross output) and number of paid employees. The Ghanan Government has used various definitions and criteria in identifying what is referred to as micro and small sized enterprises.

At certain point in time, it used investment in machinery and equipment and working capital. At another time, the capital cost and turnover were used. However, the Federal Ministry of Industry, under whose jurisdiction the micro and small sized enterprises are, has adopted a somewhat flexible definition especially as to the values of installed fixed cost.

Furthermore, the National Council on Industry of Ghana (1996) at its 9th Meeting adopted the report of its Sub-Committee on Classification of Industrial Enterprises in Ghana and approved a new set of classifications and definitions of the cottage/micro and small-scale enterprises. According to the registrar of companies, micro industry is an industry whose total cost, including working capital but excluding cost of land, is not more than GHc1 million and a labour size of not more than 10 workers; while small scale enterprises is an industry whose total cost, including working capital but excluding cost of land, is over GHc1 million but mot more than GHc 40 million and a labour size of between 11 and 35 workers.

Stanley and Morse (1965) classified industries into eight by size. They adopted the functional approach, and emphasized how small and medium sized industries differ from larger industries by bringing out clearly the differing characteristics which include little specialization, close personal contact of management with production workers and lack of access to capital. They argued that establishments employing not less than 300 workers should be defined as medium sized whereas those with less than 300 employees be defined as small sized. The UNDP/UNIDO Report (2015) noted that while the limit of 10 workers for Micro/Cottage Industries was flexible enough to capture about 95% of rural industries and micro enterprises in this category, the ceiling of N1.0 million may however exclude about 40% of such entrepreneurs with modest factory buildings and basic infrastructures which they require (e.g., access road, generator, bore-hole wells, storage facilities). In addition, while the ceilings of GHc40 million for Small Scale Industries and N150 million for Medium Industries are still substantially captive for these categories, the limits of 35 and 300 workers respectively were not based on the actual structure of manufacturing enterprises in the country.

2.1.2 Ghanaian SME Sector

In Ghana, available data from the Registrar General indicates that 90% of companies registered are micro, small and medium enterprises. This target group has been identified as the catalyst for the economic growth of the country as they are a major source of income and employment. Data on this group is however not readily available. The Ministry of Trade and

Industry (MOTI), in 2015 estimated that the Ghanaian private sector consists of approximately 80,000 registered limited companies and 220,000 registered partnerships. Generally, this target group in Ghana according to MOTI (2015) is defined as:

Micro enterprises: Those employing up to 5 employees with fixed assets (excluding realty) not exceeding the value of $10,000. 2) Small enterprises: Employ between 6 and 29 employees with fixed assets of $100,000. 3) Medium enterprises: Employ between 30 and 99 employees with fixed assets of up to $1 million.

In view of Mensah (2015) study, data from the Social Security & National Insurance Trust (SSNIT) reflects that, by size classifications, the Ghanaian private sector is highly skewed, with 90% of companies employing less than 20 persons, and a small number of large-scale enterprises. A typical characteristic of this target group is as follows:

They are, dominated by one person, with the owner/manager taking all major decisions. The entrepreneur possesses limited formal education, access to and use of new technologies, market information, and access to credit from the banking sector is severely limited, 2) Credit officers skills are weak, thus inhibiting the development of a strategic plan for sustainable growth. 3) This target group experiences extreme working capital volatility. 4) The lack of technical know-how and inability to acquire skills and modern technology impede growth opportunities.

Many non-financial constraints inhibit the success of such enterprises. SME owners are reluctant to be transparent or open up involvement of their businesses to outsiders. They seem to be unaware of or oblivious to the obligations and responsibilities they have toward capital providers, and the need to acquire or seek support for technical services like accounting, credit officers, marketing, strategy development and establishment of business linkages.

Credit officers and support services are perceived to be cost prohibitive and non-value adding (Mensah, 2015).

SMEs have not taken full advantage of Government-sponsored business support services such as the National Board for Small Scale Industries (NBSSI), which operates in the 10 regional capitals under the Ministry of Trade and Industries and the Ghana Regional Appropriate Technology and Industrial Service (GRATIS), a foundation that provides skill training and basic working capital tools for start-ups. Policy interventions for the promotion of SMEs have generally had the following broad themes: (i) Adequate support structure, transfer of appropriate technology (ii) Entrepreneurial training and labor skills development (iii) Access to sources of funds including reducing collateral requirements, and providing safeguards for the credit delivery system (iv) Promoting linkages between large and small industries (Mensah, 2015). Based on the above, we start with the cautionary note that access to financing should be seen as only one component of a national SME policy. Without a holistic approach covering the key developmental constraints of SMEs, SME financing schemes implemented in isolation are unlikely to be effective (Mensah, 2015).

2.1.3 SMEs Contribution to Economic Development and Growth

The private sector is the engine of growth of the economy therefore they must be given the necessary tools to increase their growth (Anyima-Ackah, 2015). Economic development is a process of economic transition involving the structural transformation of an economy through industrialization, rising GNP, and income per head. Economic growth on the other hand, contributes to the prosperity of the economy and is desirable because it enables the economy to consume and contribute to more goods and services by increasing investment, increase in labour force, efficient use of inputs to expand output, and technological progressiveness. Any nation that experiences economic development and growth will benefit from improvement in the living standards especially if the Government can assist in growth by implementing complementary and growth-enhancing monetary and fiscal policies.

The SME sector is considered very important in many economies because they provide job, pay taxes, are innovative and very instrumental in countries participations in the global market. Beck and Kunt (2015) state that SME activity and economic growth are important because of the relatively large share of the SME sector in most developing nations and the substantial international resources from sources like the World Bank group, that have been channeled into the SME sector of these nations.

SMEs account for nearly 93% of the registered businesses in Ghana and therefore play an important role in economic development by providing employment opportunities, opening up new business opportunities, enhancing entrepreneurship, and fostering creativity among many other things. Kayanula and Quartey (2015) recognize them as the engines through which the growth objectives of developing countries can be achieved and are potential sources of employment and income in many developing countries. Mensah (2015) makes the analogy that SMEs act like sponges by soaking up surplus labour to provide a large share of employment and income in Ghana.

Many researchers have observed that SMEs enhances competition and entrepreneurship therefore they suggest that direct government support can boost economic growth and development. Also, SMEs growth boost employment more than large firm because they are labour intensive and make better use of scarce resources with very small amount of capital. Hellberg (2015) also states that developing countries should be interested in SMEs because they account for large share of firms and development in these countries. Young (2017) contended that SMEs are not only important because they are a source of employment but also because they are a source of efficiency, growth and economic decentralization.

Finally, they are very important in the fight against poverty as they help in the poverty reduction strategy for most government especially those in the developing countries where poverty is most severe. Since they employ poor and low-income workers and are sometimes the only source of employment in the rural area, their contribution cannot be overlooked.

2.1.4 Constraints Faced by SMEs in Accessing Credit

Access to bank credit by SMEs has been an issue repeatedly raised by numerous studies as a major constraint to industrial growth. A common explanation for the alleged lack of access to bank loan by SMEs is their inability to pledge acceptable collateral.

In their view the current system of land ownership and transfer regulations clearly retards and to some extend limits access to formal credit. First, due to lack of clear title to much usable land in Ghana, there is a limited amount of real property that can be put up as collateral. Second, a Government embargo on transfer of stool and family land has further restricted land availability for collateral. Finally, where title or lease is clear and alienable, transfer regulation needlessly delays the finalization of mortgages and consequently access to borrowed capital. Aryeetey et al. (2017) supported the view that from the view point of private sector, problems related to finance dominate all other constraint to expansion.

They claimed that the available of collateral plays a significant role in the readiness of banks to meet the demand of the private sector. Collateral provides an incentive to repay and offset losses in case of default. Thus, collateral was required of nearly 75 percent of sample firms that need loans under a study, which they conducted on the demand supply of finance for small enterprises in Ghana. The study also indicated that 65 percent of the total sample firm had at various times applied for bank loans for their business. Nevertheless, a large proportion of the firm had their application rejected by banks. For firms that put in loans applications there was almost 2:1 probability that the application would be rejected.

Firms receive loans for much less than they requested for. Among firms that had their applications rejected, lack of adequate collateral (usually in the form of landed property) was the main reason given by banks. Aryeetey et al. (2017) suggest that banks can offer alternative to property as collateral such as guarantors, sales contract and liens on equipment financed.

Schiffer and Weder (2017) found that small firms tend to experience more difficulties than medium-sized firms, which also experience more difficulties than large firms. In most countries, especially developing nations, lending to small businesses and entrepreneurs remains limited because financial intermediaries are apprehensive about supplying credit to businesses due to their high risk, small portfolios, and high transaction cost.

According to Cuevas et al. (2017) cost of transaction contributes to the inability of the SMEs to access finance. They are of the opinion that "if transaction cost of lending are high the net margin banks expect from loans operation do not compare favorably against safe investment represented by treasury bonds. Aryeetey et al. (2017) also shares the same view that if a lender face information asymmetry, the issue often becomes somewhat persuasive authority he or she holds in ensuring repayment. These push up transaction cost as the probability of default is assumed to be high and has to be contained. Thus, lenders may avoid lending to smaller or lesser-known clients or impose strict collateral requirements when they do. They may perceive clients in ways that would overcome the latter own perception of the difficulty in obtaining formal finance.

In investigating “whether lending to SMEs in Ghana was more expensive that lending to larger enterprise in terms of loan screening, loan monitoring and contract enforcement, banks estimate that screening to gather information about the applicant and project, review the feasibility study, do the credit analysis and make a decision, an average of 16-man days for large scale applicant and that of small-scale applicants takes 24-man days. Similar results obtained for loan monitoring and contract enforcement suggest that the transaction cost of SME lending was higher than those for large enterprise per loan though a similar study undertaken in 2017 by Aryeetey and Seini on the transaction cost of lending covering sixty bank branches in Ghana suggested that there was no statistically significant difference in the cost of administering loans to smaller and larger enterprises”.

They further state that the internal organization of most banks is such that SMEs applying for loans deal with branch staffs that have little say in the decision, whereas major decisions are taken at the head office of official who know little about the enterprise. This arrangement ensures that many potential SME borrowers do not have the chance to interact with the few trained project personnel before applications are made. There is a high probability that many potential good projects are turned down because distant credit officers lack enough undocumented information to form an opinion on the projects and especially on entrepreneurs.

Despite SMEs strong interest in credit, commercial banks’ profits orientation may deter them from supplying credit to SMEs because of the higher transaction cost and risk involved. First, SMEs loan requirement are small so the cost of processing the loan tend to be high relative to the loan amounts. Second, it is difficult for financial institutions to obtain the information necessary to assess the risk of new unproven ventures especially because of the success of small firms often depends heavily on the ability of the entrepreneur. Third, the probability of failure for new small ventures is considered to be high.

Cuevas et al (2017) however indicates that other alternatives to loans secured by real and movable property have practical constraints. For example, it is possible to take security interest in liquid assets, the foreclosure upon which is much quicker than that for real and movable property. However, many debtors especially traders are not in the habit of saving money in liquid accounts, rather they turn to either move it into the informal economy or reinvest in their business. Another alternative would be for the banks to accept the assignment of contractual benefits from borrowers. Though this arrangement is known in Ghana, it is not chosen by banks as they prefer to stay out of other contracts (Cuevas et al., 2017).

2.1.5 Types of Financing available to SMEs

Boom et al. (1983) and Longenecker et al. (2017), like most writers on the subject of SME financing, describe two basic types of financing, namely debt and equity. Hisrich and Peters (2017) and Anderson and Dunkelberg (2017) describe debt as funds borrowed to be paid at a future date and a fee, referred to as interest to be paid an at agreed time schedule. The payments of interest are supposed to be done regardless of whether the firm makes profit or loss. Equity, on the other hand, is defined as funds contributed by entrepreneurs or investors who become owners or part owners of the firm and whose returns are primarily based on the profits. This implies that if a firm fails to make profits its owners do not get any returns. Generally, equity funds are long-term funds but debt may be short to medium or long-term.

Hisrich and Peters (2017) mention another basic classification of funds: internal and external funds. Internally generated funds come from a number of sources within a company and are more frequently employed. They include operational and investment profits, sales of assets, extended payment terms, reduction in working capital and accounts receivable. Another important source of internally generated funds is expediting the collection of receivable accounts. This releases funds that may be locked up with suppliers and distributors for the firm's use. Sources that are external to a firm include owners, friends and relatives, commercial banks suppliers and distributors, government and non-government agencies.

Equity versus Debt

It is very important to carefully evaluate the reasons for the choice of one form of funding against another or a particular mix. A number of factors must be considered and they include the following (Ackah & Vuvor, 2011):

Leverage and Owner's Equity

Borrowing creates financial leverage since payments of interests add to financing costs. Thus a percentage of increase in the earnings before interest and tax of a firm will result in a higher percentage increase in the net earnings of the firm. Consequently, the value of the owner's equity will appreciate. Similarly, a percentage reduction in net earnings before interest and tax will lead to a greater percentage reduction in net earnings, and consequently, the depreciation of owner's equity. Therefore, the use of debt results in higher earnings volatility and increase the risk to owner's equity. Equity capital does not result in financial leverage (Brealey and Myers, 2017; Wert and Henderson, 1979).

2.1.6 Sources of Financing for SMEs

A number of sources of capital exist but many of them may not be accessible to companies of small and medium sizes.

Friends and Relatives

Loans and contributions from friends and relatives are common source of funds, especially for new business since the financial institutions are reluctant to providing funding for start-up business because of the risk involve. This source of funds, however, bears a potentially dangerous price. Many friends' relatives find it very difficult to stay as passive creditors or investors. They usually try to interfere with policy and operational issues (Kuriloff et al. 2017; Longenecker et al. 2017). As a remedy to this problem, Kuriloff et al. (2017) recommended the treatment of such loans like bank loans by putting in writing all the terms including interest rates and payment schedule.

Commercial Banks

Hisrich and Peters (2017) make an assertion that commercial banks constitute the most widely used source of debt financing for small companies. This assertion is also supported by longenecker et al. (2017). Again Longenecker et al. (2017) claim that commercial banks loans to small companies are mostly short-term loans, though some do offer long-term loans to small and medium size companies. According to Kuriloff et al. (2017), commercial banks usually provide loans for working capital or for the purchase of fixed assets. They demand evidence of a company's ability to pay the interest and principal as scheduled. This evidence is usually in the form of cash flows statements. They also demand some form of security. Collaterals are the most widely used form of security demanded by commercial banks. Longnecker et al. (2017) classify commercial bank loans as line of credit and term loans.

Personal Resources

Again Longenecker et al. (2017) observe that personal savings of the owners and partners of businesses constitutes an important source of funds, particularly in the formative stages of a firm. Personal contributions also help to raise additional funds from other sources. Significant financial commitments made by owners of a company tend to build a lot of confidence among potential investors. Kuriloff et al. (2017) also note other personal resources apart from personal savings. These include borrowing using one's personal assets such as house and bonds as collateral.

Other Individuals (Business Angels)

There is a category of private individuals who invest in business ventures. These individuals are referred to as 'business angels. Many of such individual investors tend to have some experience in business and/or are affluent professionals, who may have a lot of money to invest. Business angels constitute the informal capital source. They are said to represent the informal capital because there is no formal market place where their investment transactions are carried out. They are usually contacted through dealmakers such as business associates, accountants and lawyers (Longenecker et al. 2017).

Venture Capital

Venture capital, according to Stevenson et al., (2015), is a pool of equity capital contributed by wealthy individuals, as limited partners, and professionally managed by general partners for a fee and a percentage of the gain on investments. Thus, venture capital firms are investment firms. Owing to the highly risky nature of the investments they undertake, venture capitalists demand very high returns on their investments, with target returns of about 50 percent or 60 percents being considered normal (Stevenson et al. 2015).

Tuller (2017) notes that owing to their high expected returns, venture capital companies usually target companies that have prospects of rapid growth and above average profitability. The targeted companies must also have the prospect of going public in the foreseeable future – usually within five to seven years. Venture capital firms aim to capitalize on initial public offerings (IPOs) and cash in on their investments if prices are substantially above their initial investments in the respective companies.

Apart from the provision of capital for very promising business ventures, venture capital firms also provide useful advice to these young enterprises, having acquired much more experience in business. They also provide additional financial assistance in the future if a firm they have invested in runs into financial difficulties. It will not be considered prudent to stand aside and watch their investments go to waste with a firm for lack of cash provided throwing in more cash will not amount to reckless investment. (Tuller,2017; Longenecker et al.2017).

Tuller (2017) summarizes this as “future availability of funds can be an enormous boost to achieving long-term strategic goals”. One of the clear weaknesses in the Ghanaian financial system is the limited medium and long-term financing available to the private sector in the market place (Morse et al, 2017).

While commercial banks are the major source of loanable funds in the market, they focus on providing only short-term financing for their clients. As a consequence, many companies inappropriately use short –term funds to finance long-term project (Morse et al, 2017). The short–term nature of the loans from the banks does not support the expansion programs of SMEs.

As another measure with the intended purpose of assisting SME overcomes their financing difficulties, Venture Trust Funds has been set by State and other developing partners. As defined in the Cambridge dictionary, a venture capital is money that is invested or is available for investment in a new business or company, especially risky one. In 2017, U.S. Agency for international Development (USAID) and the Commonwealth Development Corporation (CDC) sponsored the formation of a venture capital fund in Ghana in respect to a perceived need for financial products and services designed to meet the long-term financing requirements of growing businesses in Ghana within the context of Ghana's financial sector reform program (Mensah, 2015).

In the absence of a regulatory environment, the sponsors agreed to establish, a non-bank finance institution to hold the funds –Ghana Venture Capital Fund (GVCF), and a credit officers company, Venture Fund Credit officers Company (VFMC) to make investment decisions. It became operational in November 2017, and was fully invested with 13 investee companies of which their average investment was $250,000 (Mensah, 2015). In addition to the credit officers of GVCF, VFMC was awarded the credit officers of a $4 million Enterprise Fund, promoted by the European Union. According to Mensah, 2015, all these funds have been targeted at growth oriented large enterprises simply because the risks and cost involved in managing shareholdings in SMEs have so far rendered those investments not interesting.

Joint Venture

Various forms of strategic alliances have become important and common practice in business today. One such important form of strategic alliances is joint ventures. A joint venture typically involves two or more companies coming together to form a new entity. The main objective of joint venture formation is to gain competitive advantage and become more profitable. Combining the resources of the firms involved in a joint venture most often leads to the attainment of synergy. The new company may be able to perform a service more efficiently, produce a product at a less cost or utilize a facility or funds more effectively. This ultimately results in greater profits for the firms involved than they would have achieved as separate business entities. Financing is also a common goal of joint venture. Smaller firms in particular tend to benefit from the usually better financial positions of larger firms. In addition, joint venture stands a better chance of obtaining credit or raising more equity as creditors and investors' confidence in the new firm is often greater. As a joint entity, they provide better guarantee for creditors fund as their assets base is widened (Ackah & Vuvor, 2011).

2.1.7 SME Financing

Given the extremely vital role that the SME sector plays in economic development, particularly in developing countries, the need to allocate resources for the development of the sector is never in any doubt. Of the myriad of problems that plague the private sector, access to finance particularly external financing stands out as one of the most critical which hinders the growth of the sector (Ayiglo, 2015). Empirical evidence establishes that less than 15 percent of the population in developing countries, including Ghana, has access to the mainstream financial services Aryeetey (2017). It is therefore, not surprising that government of most developing countries have encouraged and supported programs designed to develop the sector. In most cases such governments have tried to develop SMEs through financial assistance programs. 'The small enterprises development projects supported by the World Bank channelled during the 15 years (1973-88) more than US$3 billion in 70 projects to help small and medium enterprises in 36 developing countries' (Levitsky, 2015).

It is reported that probably less than 10% of this sum reached the very smallest of SMEs, that is those with less than 10 workers and assets of less than US$10,000 and whose lending needs are in the order ofUS$l,000-US$2,000 or at least less than US$5,000 (Levitsky, 2015). The average loan size was US$24,287 in Latin America, US$1,811 in Asia and a staggering US$83,408 in Africa, which indicates that these projects reached mainly, firms that are high up on the SME classification ladder whilst only few of the very smallest firms or micro enterprises were reached Levitsky, 2015).

2.1.8 Challenges confronting the success of SME Financing

Any potentia1 provider of external debt or equity finance will want to monitor the company to whether it is acting in accord with the initial contract, to follow the progression of the firm and to have the means to oblige the user of funds to respect the interests of the provider of funds. There are numerous reasons why doing this effectively is more problematic for SMEs than for larger firms. Hence, banks are more likely to engage in credit rationing (i.e. not extending the full amount of credit demanded, even when the borrower is willing to pay higher rates) to SMEs than to larger companies (Stiglitz & Weiss, 1981).

In the first place, the SME sector is characterised by wider variance of profitability and growth than larger enterprises. SMEs also exhibit greater year-to-year volatility in earnings. The survival rate of SMEs is considerably lower than that of larger firms. Thus, one analyst found manufacturing firms with fewer than 20 employees were five times more likely to fail in a given year than larger firms (Storey, 2017). The difficulties that SMEs experience can stem from several sources. The domestic financial market may contain an incomplete range of financial products and services. The lack of appropriate financing mechanisms could stem from a variety of reasons, such as regulatory rigidities or gaps in the legal framework.

Moreover, development economists increasingly accept the proposition that, due to monitoring difficulties such as principal/agent problems (e.g. related to the shareholder-manager relationship) and asymmetric information, suppliers of financing may rationally choose to offer an array of financial services that leaves significant numbers of potential borrowers without access to credit. Such credit rationing is said to occur if: i) among loan applicants who appear to be identical, some receive credit while others do not; or ii). There are identifiable groups in the population that are unable to obtain credit at any price.

In case of SMEs, it is very difficult to distinguish the financial situation of the firm from that of its owners. The use of company cars and home accommodations for both private and business purposes are clear cases in point. Furthermore, estate tax and international succession are important issues in SMEs but usually unimportant for larger companies.

Relations between the firm and its stakeholders are likely to reflect personal relationships to a much higher degree than in larger firms where such relationships are formalized. Whereas large firms are expected to observe recognized standards of corporate governance in which actors as executives, auditors, and boards of directors are expected to conform to transparent norms, SMEs tend to reflect much more closely the personalities of their owners.

According to Mahama (2007) banks operating in Ghana should not shun micro and small-scale enterprises but rather help to nurture them through innovative credit schemes and counseling. He said micro and small-scale enterprise had the potential for accelerated growth and development and that relying solely on collateral security, which such firms do not have, would not help such enterprises and society. He added that banks had extended credit to big and viable corporations and companies to the neglect of micro and small-scale enterprises.

Most SMEs particularly in developing economics face several difficulties in accessing credit facilities for their activities. Finance is a major constraint in Africa partly because of the lack of financial depth, the monopolistic and/or oligopolistic nature of the banking sector that rent seeking activities, an inadequate regulatory framework sharing institutions such as rating agencies and credit bureaus' (Commonwealth Business Council (CBS) & the World (WB). Report of the Workshop on Investment Climate in Africa, 2015).

At a workshop in Dar-es-Salaam, Tanzania organized by the commonwealth Business Council to present and discuss the results of diagnostic studies of the investment climate conditions of five African countries namely; Kenya, Mozambique, Tanzania, Uganda and Zambia, Gilbert De

Barros of the World Bank identified four key aspects of the financing of firms in the five countries under review. These were access to credit, high interest rates, high collateral requirement and lack of long-term financing.

Access to Credit

According to findings from the above study in the five selected African countries, firms are overwhelmingly self-financed which indicates a dearth of viable outside financing options. For instance, the study showed that, internal funds finance 87% of all new investments in Mozambique, 71% in Uganda and 67.5% in Tanzania (Commonwealth Business Council (CBS) and the World Bank (WB), Report of the Workshop on investment climate in Africa. 2015).

High Interest Rates

Most SMEs are unable to access bank credit due to the high interest rates by these banks. Findings from the study referred to above show that, real interest rates range from about 16% in Kenya to 23% in Mozambique. The situation is no different from what prevails in Ghana now. The banks could afford to demand such high interest rates partly because they have access to alternative investment avenues in government securities which tend to bear high interest rates. So in effect, firms are being crowded out of the credit market partly inappropriate monetary policies, (CBC & WB, 2015).

High Collateral Requirement

The high collateral requirements are a reflection of the banks' perception of the risk involved in SME financing which is often characterized by relative high default rates and difficulty in enforcing contract obligation due to the virtual lack of strong property rights protection. In addition, assets are not properly registered and are easily transferrable, making it difficult to enforce foreclosure clauses in contracts" (CBC & WB, 2015).

Lack of Long- Term Financing

SMEs generally tend to lack the funds to finance long – term projects. According to the survey on the five African countries, the average loan maturity ranged from 2.75 years in Zambia to 3.75 years in Uganda (CBS & WB, 2015). Ayiglo (2015) also identifies five (5) reasons as contributing to the lack of interest by banks and other non-banks financia1 institutions in providing financial services to small businesses in Ghana. These are; high delivery cost, asymmetric information (non availability of information about micro enterprises), constricted rationality (restricting benchmarks of success to only financial analysis), high default risk and extreme opportunism.

2.1.9 Impact of SMEs Financing on Banks Profitability

The determinants of banks' profitability are usually divided to internal and external factors. Internal factors focus on bank-specific and external factors consider both macroeconomic and industry characteristics. Demirguc-Kunt & Maksimovic (2015) and Akhavein et al. (2017 have positive relationship between size and profitability. Havrylchyk et al. (2015) finds a positive relationship between capital and profits of banks. Molyneux and Thornton (2017) find that a positive relationship between efficiency and profitability. Efficient bank should have higher profits since it is able to capitalize on its net interest income. Finally, Miller and Noulas (2017) show that a negative relationship between credit risk and profitability.

World Bank surveys were conducted in recent years as part of an effort to investigate the status of bank lending to SMEs. These surveys share some important common elements, but also have important differences. Both surveys provide some measurement of SME lending, investigate the main drivers and obstacles to further SME lending, the main business models developed and the main risk credit officers techniques adopted, but with different emphasis on each of these components. The two surveys are also based on very different samples, regarding their size, the types of bank surveyed, and the regional coverage.

This survey included a quantitative component, obtain measures of the share of SME loans in total loans, the share of investment loans in SME loans, percentages of applications approved, and loan fees and interest rates. Besides comparing SME lending in developed and developing countries, and investigating drivers and obstacles, the two studies also made comparisons between government, private, and foreign banks. Schiffer & Weder (2015), and Beck et al. (2015, 2015 and 2008) show SMEs perceive access to finance and cost of credit to be greater obstacles than large firms and these factors affect their growth. Beck, Demirguc-Kunt & Martinez Peria (2008) show that the average share of SME lending is smaller in developing countries (16 percent of total lending) by comparison with the average share in developed countries (22 percent of total lending).

Banks in developing and developed countries are primarily attracted by the potential profitability of the SME sector and serve SMEs primarily through dedicated SME units. Government programs are considered favorable and prudential regulations are not perceived as burdensome. Scoring models are used by most banks but they are just one of the inputs in loan decision. Banks in developing countries report that macroeconomic instability is the main obstacle to SME lending, rather than flaws in the legal and contractual framework. Beck, Demirguc-Kunt & Martinez Peria, 2009, based on the statistical analysis of the dataset concludes that the differences in SME lending between developing and developed countries are actually explained by differences in the quality of the legal and contractual environment (weaker in developing countries). Overall, their analysis suggests that the enabling environment is more important than firm size or bank ownership in shaping bank financing to SMEs

2.2 Theoretical Review

This part of the study reviewed financial theories such as Credit Rationing and Financial Intermediation.

2.2.1 Credit Rationing Theory

Credit rationing is the restriction by lending institutions by granting of extra credit facilities to businesses or credit applicants even in the presence of higher interest rates. The theory was developed and introduced in finance literature by Stiglitz and Weiss (1981). The hypothesis of credit rationing explains the issue of the inadequate financing of SMEs. This is a condition of market imperfection, systemic risk or moral hazard since the demand process fails to achieve market equilibrium. Thus, a circumstance that ensures that, even when credit facilities applicants have identical information and willing to pay higher interest rates or loan applied for, some applications may be accepted while others may be denied on account of insufficient funding (Miglo, 2018).

To establish equilibrium, Stiglitz and Weiss (1981) demonstrate that credit rationing plays a role in the financial market where the borrowers and the lenders interact. This is attributable to the asymmetry of information on the financial market that contributes to adverse selection. Adverse selection is the distinction of faithful credit applicants from the unfaithful ones and moral hazard concerning the conduct of borrowers. It emerges from the disproportionate repayment of borrowed funds by various borrowers (Fuseini, 2015).

Stiglitz and Weiss (1981) have concluded that with a growing supply of funds, excess demand for financing decreases but the interest rate on borrowed funds remains unchanged as far as credit rationing is concerned as much as credit is rationed. Also, a safer investor or other borrowers could be induced to riskier projects which have the potential to decrease the profitability and the productivity of the lending institutions when the interest or the collateral requirements is increased above its required equilibrium point. In these conditions, therefore, credit rationing is intended to restrict the number of loans issued by banks instead of restricting the size or rise in interest rates of each loan (Stiglitz & Weiss, 1981).

2.2.2 Theory of Financial Intermediation

A financial intermediary is an entity or a person acting as an intermediary for the promotion of financial transactions between various parties including commercial banks, investment banks, stock traders, pooled funds and exchanges of securities (Seward, 2017). These institutions are designed for depositing institutions or issuing insurance contracts and channel funds to companies. However, major developments have arisen in recent decades. Standard intermediation theories depend on asymmetric knowledge and transaction costs (Bottazzi, Da Rin & Hellmann, 2009).

In practice, finance intermediation means promoting the acquisition of investment-backed securities whose risks cannot be completely determined by buyers. The intermediary is experienced in analyzing risks, such as a bank, a hedge fund or a company. The customer purchasing the details and collateral with the agent considers the previous outcomes and acquires straight forward summaries of the risks of the deal (Danthine & Donaldson, 2015).

The hypothesis notes that any of the specifics of the inherent risk are not taken into consideration. Investors depend instead on summary results. It is by using summarized knowledge that certain transactions become liquid; in other words, it allows more properties to be acquired and sold. The sum of specific risk knowledge decreases, but the liquidity improves as an intermediate layer is introduced. The consequence is that the last creditor pays a slightly lower risk premium (in this situation the home buyer) than would be the case in the absence of liquidity (Chemmanur & Wilhelm, 2015).

2.3 Empirical Review

De Maeseneire & Claeys (2012) outlined the difficulties SMEs encounter in sourcing funding by the means of FDI in Belgium. The study indicates that most of the SMEs do not have collateral security to use to serve as a guarantor to enable them to access funds from foreign investors. The study discovered that the identified financial gap impedes the growth of SMEs and leads to sub-optimal and host nation development of FDI.

Further, Bajcinca (2013) found that lack of collateral for securing financing, are the hindrances depriving SMEs in Kosovo for accessing credit facilities from the lending agencies. The finding was based on a quantitative study in Kosovo that used primary data of questionnaires of 500 SMEs in the country, in addition to secondary data from the Central bank of Kosovo on SMEs (Bajcinca, 2013).

In India, Verma (2019) established that SMEs by default are Informal and young, SMEs do not have any publicly accessible information on their business operations and also inadequate collateral assets for securing loans for the business operations.

In Ghana, an earlier study by Abor & Biekpe (2015) stated that the difficulties faced by SMEs in accessing credit facilities to facilitate their operation in Ghana are unlimited as they vary across sectors and industries. The study identifies a low level of awareness of the managers of SMEs as the main hindrance (Abor & Biekpe, 2015).

Nkuah et al. (2013) evaluate the challenges facing SMEs in the Wa Municipal Assembly to secure funding for their operation. The study discovered that lack of access to proper business registration and documentation, assets ownership as well as collateral as a guarantee are the major challenges hindering banks from granting funding to most SMEs in the Wa Municipality (Nkuah et al., 2013).

Owusu-Kwaning et al. (2015) found that Interest rate for SMEs' loans is extremely high, the repayment periods for SME loans are too minimal, which makes it difficult to undertake any construction or extension activities, more also, most of the SMEs, do not understand terms and conditions as well as the meaning of the percentage charged for loans.

Boateng (2016) examinined the challenges facing SMEs to secure funding for their business operations in the world. The author found that many kinds of research have demonstrated that most SMEs lack access to finance to commence a business, manage and grow their enterprises.

Afolabi & Ehinomen (2015) examine the challenges of funding SMEs in Nigeria and identified lack of sources of financing, types of products available for SMEs funding for SMEs as the financial challenges that would hinder SMEs to work smoothly. Beck and Cull (2014) note that feminists-managed SMEs in Sub-Saharan Africa has a greater chance of getting financing from lending institutions. Further, no major gender gap has been found in access to credit in Ghana studies conducted by Kumah (2011) and Osei-Assibey (2014).

Wellalage and Locke (2017) examine gender parity in the lending market for SMEs funding in South Asia. The study realizes the probable endogeneity of gender disparity in the framework of financial constraints in funding SMEs. They concluded that on average, SMEs owned by female entrepreneurs are 3% less likely to be constrained by accessing credit facilities than their male counterparts (Wellalage & Locke, 2017).

Ahmed and Hamid (2011) concluded that the level of education of the owner is positively and significantly related to the likelihood of accessing funding from lending institutions. Analogously, research by Zarook et al. (2013), further shows that the level of education of the owners or managers has significantly increased the access of owners to credit-one-year education increases their access to financing by 0.80%.

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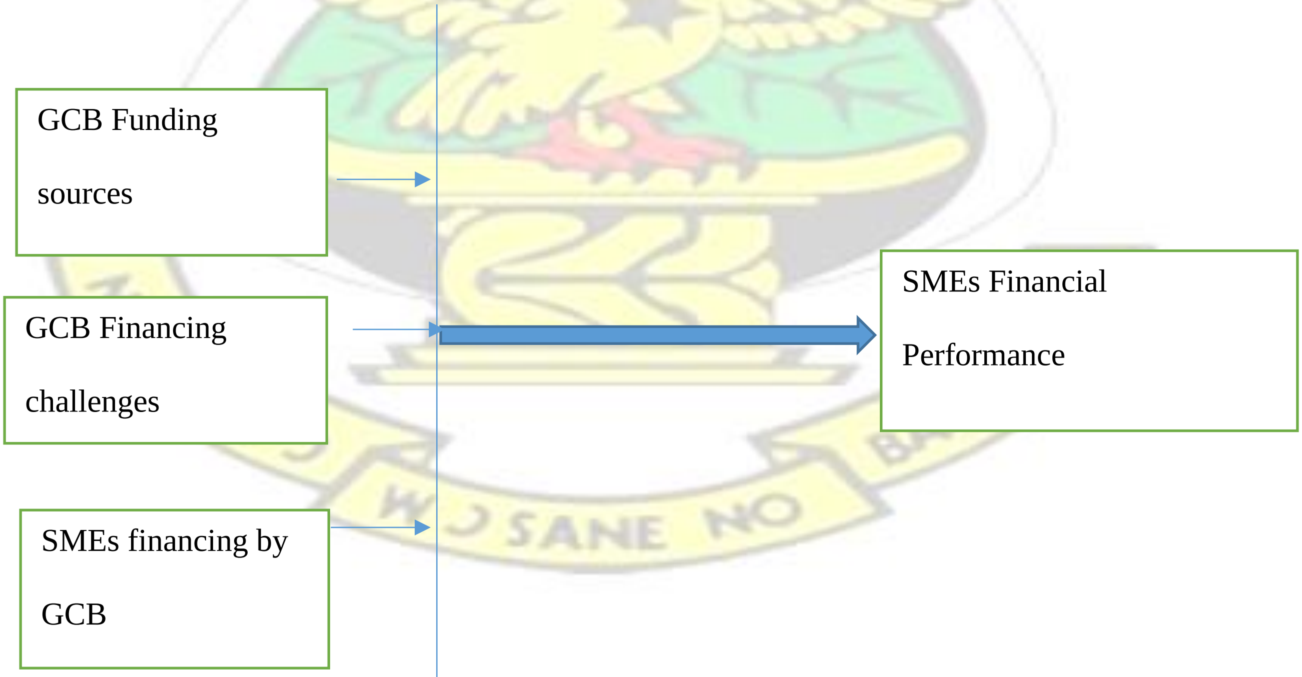
2.4 Conceptual Framework

The conceptual framework of the study was developed by the research following the literature reviewed on SMEs financing. The framework presents the how the funding sources, financing challenges and SMEs financing influences the profitability of GCB. The dependent variable for this study is the profitability of GCB whiles the independent variables are the funding sources, financing challenges and SMEs financing.

Figure 2.1 Conceptual Framework

Independent variables



Source: Authors Concept (2020)

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter presents the steps that are used in conducting the research. The chapter discusses the research design, population, sample frame, sample size

determination, sampling technique, sources of data, data collection instrument, pilot testing, data analysis procedures as well as ethical considerations.

3.1 Research design

The study adopts explanatory and descriptive research design. In this study, the third objective set out to investigate the impact of SMEs financing on the profitability of Ghana Commercial Bank. This makes explanatory research an appropriate research design. Again, the first and second objective aim to observe and identify the sources of funding viable to finance SMEs by Ghana Commercial Bank and the challenges faced by Ghana Commercial Bank in financing SMEs in Ghana. This makes descriptive design appropriate to achieve the objective.

3.3 Population of the study

The study population included managers and credit officers of all GCB branches in the Madina Municipality of Accra Ghana and SMEs customers of all GCB branches in the Madina Municipality of Accra Ghana.

Table 3.1 Population of the Study

Respondents	Population
Credit officers	67
SMEs CEOs	1134
Total	**1201**

Source: field survey, (2020)

3.4 Sample size determination

The sample size was determined by adopting to the sample size determination formula used by (Kashmala & Faiza, 2015) study where the total population of respondents was estimated to be 1,201.

Where:

$$n = \frac{N}{1 + N\varepsilon^2}$$

N=population size

$\varepsilon = margin\ of\ error/confidence\ level$

$n = sample\ size$

$$n = \frac{1201}{1 + 1201(0.05)^2} = 300$$

Given 5% margin of error the expected sample size is 300 respondents.

Table 3.2 Sample Size

Category of Respondents	Sample size
Credit officers	4
SMEs CEOs	286
Total	**300**

Source: Authors Computation, (2020)

3.4.1 Sampling technique

The study adopted purposive sampling technique to select 4 branches of GCB in the Madina Municipality. Again, purposive sampling was used to select 300 respondents for the study. This sampling method was adopted because it cost effective and not time consuming. The study adopts purposive sampling technique because the researcher was interested in respondents who has knowledge about the study area.

3.5 Data type and Source

Data type for the study was a cross sectional quantitative data which was obtained from the primary source. Primary source for the data was collected through Likert scale questionnaire where responses were given numerical representations suitable for quantitative analysis. The primary source is assumed to be credible, given that it provides direct access to the respondents (Streefkerk, 2019).

3.6 Data Collection Instrument

The data collection instrument for the study is questionnaire in the form of a 5-point Likert Scale. In the 5-point Likert scale, the higher the value of the scale, the higher the disagreement with the statements pertaining to the three stated objectives: The scale is as follows: 1 = Strongly agree, 2 = Agree, 3= Neutral, 4 = Disagree and 5= Strongly disagree.

In order to decrease bias responses, a draft questionnaire was presented to the dissertation supervisor so that any shortcoming or weakness in the questionnaire is corrected before the final version administered. In order to improve the response rate and ensure that respondents felt very comfortable when answering the questions, the questionnaire did not require respondents to reveal their identity.

3.7 Pilot Testing of Data Collection Instrument

Pilot test is used to test the adequacy of the data collection instruments. The study tested the questionnaire on 10 randomly selected respondents from the study setting. The feedback obtains from the pilot testing exercise enable effective revision of the questionnaire to allow for easy understanding by all categories and demographics of respondents.

3.8 Data analysis procedure

Data was analysed with SPSS 21.0 version and Microsoft Office Excel 2010 to obtain graphs and tables. Descriptive statistics and multiple regression model are used to analyse the responses from respondents so as to achieve the research objectives. The models are presented below:

3.9 Model Specifications

Model Specification 1: Regression model

$SMEs\ FP_i = \beta_0 + \beta_1 X_1 + \ldots \beta_{k+1} X_{i+1} + \varepsilon_i$ … … … … … .3.1

Where:

X= GCB SME Financing

SMEs FP=SMEs Financial performance

β_{k+1}= regression coefficient

ε_i= Error Term

Dependent and independent variables

Dependent variables are variable that the study intend to predict or serve as the variable of interest. The dependent variables for this study are the profitability whiles the independent variable is SMEs Financing strategies.

Descriptive statistics model

Descriptive statistics is expected to provide the researcher with the 'summary' statistics such as mean, median and standard deviation which explain the responses of the junior and senior staff. On the descriptive statistics Table, the higher the value of the mean, the higher the disagreement with the statement: The scale is as follows: One = strongly agree, Two = Agree, Three = Neutral, Four = Disagree, Five = strongly disagree. Descriptive statistics model was use to achieve the first two objectives

3.10 Research Ethics

All respondents who participate in the survey process of this research study are keenly prepared with all of the knowledge relating to this study. Participants are given freedom to withdraw from the study at any time if they find it uncomfortable. This will give more ease to the individuals offering their time and attention for this study. All information provided by the respondents are treated with extreme confidentiality. Again, all information use in the study is duly acknowledge to avoid plagiarism.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.0 Introduction

The chapter presents the analysis of data and discussion of findings. The analysis presents the characteristics of respondents and the psychometric properties of the data. Again, descriptive statistics and regression model is used to achieve the research objectives.

4.1 Demographic Characteristics of Respondents

Table 4.1 Demographic characteristics of SMEs

Demographic variable	Component	Frequency	Percent
Age (Years)	20-29	184	51
	30-39	30	13
	40-49	29	12
	50-59	28	12
	60 years and above	29	12
	Total	300	100
Gender	Male	191	55
	Female	109	45
	Total	300	100
Educational level	JHS	76	19
	SHS	80	21
	Tertiary	84	60
	Total	300	100
Managerial Position	Senior	152	63
	Junior	148	37
	Total	300	100

Table 4.2 Demographic characteristics of Credit officers of GCB

Demographic variable	Component	Frequency	Percent
Age (Years)	20-29	2	50
	30-39	1	25
	40-49	1	25
	50-59	0	0
	60 years and above	0	0
	Total	4	100
Gender	Male	3	75
	Female	1	25
	Total	4	100
Educational level	JHS	0	0
	SHS	0	0
	Tertiary	4	100

	Total	4	100
Managerial Position	Senior	4	100
	Junior	0	0
	Total	4	100

Source: Field data, 2021

Table 4.1 and 4.2 above shows the results of demographic data collected from 300 SMEs and 4 GCB credit officers. The demographic variables selected for the analysis include age, gender, educational level and managerial position.

Age of SMEs Respondents

Table 4.1 shows the age distribution of users sampled for the study. Out of the 300 respondents the respondents within the age bracket of 20 years and 29 years constitute majority of the sample and make up thirty-one percent (51%) of the total. This is followed by those who fell within the 30 to 39 age group which represent thirteen percent (13%) of the sample whereas the next age groups represent percent (12%). The rest of the age statistics of the sampled users are shown accordingly. The age distribution as shown in this section portrays a typical economically active labor force who may be engaged in one form of economic activity or the other.

Gender of SMEs Respondents

From Table 4.1, we see that majority of the sampled users for the study were male while others were female. The male constitutes fifty-five percent (55%) while the female counterparts form forty-five percent (45%). This result implies that more males than females in the study area.

Educational level SMEs Respondents

In terms of education level of respondents, field data shows that sixty percent (60%) of the sampled respondents had tertiary education background, followed by twenty-one percent

(21%) respondents who had Senior High School Education background. The remaining nineteen percent (19%) of respondents had Junior High School Education background. These statistics seem to reflect the true educational characteristics of the population of the study. The levels of educational background of the respondents also position them to be able to contribute meaningfully to the study through provision of answers that may bring their practical experiences.

Managerial Position of SMEs Respondents

The demographic data of respondents as recorded in Table 4.1 show that 78 percent of respondents were senior while the remaining who represent 22 percent were junior. The results obtained from demographic data of respondents seem to provide an insight into typical features associated with respondents in an area predominantly occupied by both formal and informal business enterprises.

Age of Credit officers

Table 4.2 shows the age distribution of users sampled for the study. Out of the 4 respondents the respondents within the age bracket of 20 years and 29 years constitute majority of the sample and make up thirty-one percent (50%) of the total. This is followed by those who fell within the 30 to 39 age group which represent twenty-five percent (25%) of the sample whereas the next age groups represent percent 25%.. The age distribution as shown in this section portrays a typical economically active labor force who may be engaged in one form of economic activity or the other.

Gender Distribution of Credit officers

From Table 4.2, majority of the sampled users for the study were male while only one was a female. The male constitutes seventy-five percent (75%) while the female counterparts form twenty five percent (25%). This result implies that more males than females in the study area.

Educational level of Credit officers

In terms of education level of respondents, field data shows that one hundred percent (100%) of the sampled respondents had tertiary education background. The level of educational background of the respondents also positions them to be able to contribute meaningfully to the study through provision of answers that may bring their practical experiences.

Managerial Position of Credit officers

The demographic data of respondents as recorded in Table 4.2 show that 100 percent of respondents were senior credit officers. The results obtained from demographic data of respondents seem to provide an insight into typical features associated with respondents in an area predominantly occupied by both formal and informal business enterprises.

4.2 Psychometric Properties of Data

Table 4.3: Psychometric Properties of Data

Construct	Items	Loadings	AVE	CR	CA	MSV
Financing sources	Item FS1	0.786	.694	.901	.801	.422
	Item FS2	0.850				
	Item FS3	0.872				
	Item FS4	0.822				
	Item FS5	0.800				
	Item FS6	0.603				
Challenges	Item C 1	0.866	.604	.857	.762	.532
	Item C 2	0.689				
	Item C 3	0.884				
	Item C 4	0.641				
SMEs financing strategies	Item FST1	0.851	.764	.928	0.877	.485
	Item FST 2	0.967				
	Item FST 3	0.863				
	Item FST 4	0.808				
Performance	Item P 1	0.876	.688	.916	.888	.166
	Item P 2	0.740				
	Item P 3	0.921				
	Item P 4	0.859				
	Item P 5	0.734				

Source: Author Computations (2020) *Note: CA = Cronbach's Alpha, CR = Composite Reliability; AVE = Average Variance Extracted; M.S.V = Maximum Shared Variance*

From Table 4.3, only items that loaded significantly on their respective constructs are retain. Again, only the items with factor loadings in excess of 0.6 are retain. Secondly, the researcher endeavor that all items that loaded less than 0.6 are excluded. Furthermore, discriminant validity of the study instrument was also examined. Discriminant validity was examined by checking if the square root of the AVE scores of each construct is significantly higher than the maximum shared variance of the construct with other constructs, (Hair, et al., 2012).

As shown on Table 4.3, the computed AVE scores are all above 0.50 indicating the meeting of the acceptability level by Hair et al. (2012). The maximum shared variances of each of the pair of constructs are lower than the square root of the AVEs and hence suggesting sufficient level of discriminant validity (Hair et al., 2012).

Cronbach Alpha is used to measure the reliability of the data and how well the variables in the scale are measuring. From Table 4.3 above, Cronbach's alpha coefficients are acceptable as they range from 0.704 to 0.807, which exceeds the recommend threshold of 0.7. Therefore, the measures used in this study are reliable.

4.3 Effect of GCB's SMEs financing on SMEs Financial Performance

Table 4.4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.874[a]	.764	.752	.13365

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.962	4	2.991	144.942	.000[b]
	Residual	1.960	95	.021		
	Total	13.923	99			

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	.077	.085		.914	.363
1	SHGs	.249	.018	.636	16.240	.000

a. Dependent Variable: SMEs Financial performance
Source: Author's Computations, 2020

Table 4.4 above present the R^2 (coefficient of determination or predictive power) value. The R^2 value is 0.764 representing a good correlation. Thus, the independent variables explains 76.4% of the changes in the dependent variable which is appreciable. Thus, GCB's SMEs financing can facilitate the financial performance of SMEs. The ANOVA shows that the independent variable significantly predicts the outcome variable (SMEs financial performance).

According to the regression model, if SMEs financing by GCB is well manage, the effect on SMEs financial performance will be increase by 0.249 holding other variables constant. Thus GCB's SMEs financing has a positive effect on the financial performance of SMEs in the Madina Municipality.

4.4 Examining the source of fund for financing SMEs within GCB.

As indicated in the literature review, a good source of funds for financing SMEs has the potential of saving the bank from collapsing in the case default on the part of SMEs. Again, profitability of the bank was also protected. In the quest to assess the source of funds adopted by GCB in SMEs financing, respondents of the bank were asked to indicate their preference by either indicating strongly agree, agree, neutral, disagree and strongly disagree on the various statement pertaining to the source's funds available within the bank. Their responses were analysed and presented in the descriptive statistics table below:

Table 4.5: Descriptive Statistics on the sources of fund for financing SMEs within GCB

	N	Minimum	Maximum	Mean	Std. Deviation
Cash-flows from portfolio of securities	4	1.00	2.00	1.7130	.45432
Venture capital fund	4	1.00	5.00	2.3391	.89135
Deposits mobilization	4	1.00	2.00	1.3913	.49018
Banks overnight transaction	4	1.00	4.00	4.0174	.74907
Net income	4	1.00	4.00	1.7735	0.75907
Valid N (listwise)	4				

Source: Author's computations (2020)

In examining the sources of funds employed by GCB, Table 4.5 above revealed that the bank finance SMEs from the cash flows that emanate from the securities traded by the banks on the Ghana stock exchange. Respondents further indicates that this source is reliable but the proceeds is marginal not substantial enough to support the growing demands of SMEs. The mean for this item is 1.713 approximately 2 (agreed).

Additionally, in assessing the sources of funds employed by GCB, Table 4.5 above revealed that the bank has the opportunity to finance SMEs from government grants that are in the form of venture capital fund. Though this source is one of the safe means of financing SMEs the grant is not available to all banks forcing the bank to use other means. Thus, GCB is yet to access this venture capital facility. The mean for this item 2.33 approximately 2 (agree).

Furthermore, Table 4.5 above revealed that respondents strongly agreed with the statement that, the Bank has the ability to finance SMEs from the deposits mobilization of its customers. Although this means is very risky given that it is coming directly from the bank's pocket it is the only means that the bank can lend to SMEs the required amount necessary to aid them in their various projects. The risky nature of this source occasionally pushes the bank to carry out rigorous monitoring process and effective due-diligence. The mean for this item is 1.39 approximately 1 (strongly agreed).

Moreover, Table 4.5 above revealed that respondents disagree with the statement that overnight transaction is a means to finance SMEs business operations and projects. Thus the proceeds from the overnight transaction are marginal compared to deposits mobilization by customers. Again, the overnight transaction is a help granted to banks that do not meet Bank of Ghana license requirement. The mean for this item is 4.07 approximately 4 (disagreed). Lastly, table above revealed that respondents agreed with the statement that net income is one of the major means by which the bank finances SMEs. Although this means is very risky given that it is coming directly from the bank’s hard-earned profit, it is one of the sources that the bank can lend to SMEs the required amount necessary to aid them in their various business operations. The risky nature of this source occasionally forces the bank to carry out rigorous monitoring process and effective due-diligence. The mean for this item was 1.77 approximately 2 (agree).

4.5 The challenges that confront the success of SMEs financing within GCB

According to the literature review, any potential provider of external debt or equity finance will want to monitor the company to whether it is acting in accord with the initial contract, to follow the progression of the firm and to have the means to oblige the user of the funds to respect the interests of the provider of funds. There are numerous reasons why doing this effectively is more problematic for SMEs than for larger firms. Hence, banks are more likely to engage in credit rationing (i.e. not extending the full amount of credit demanded, even when the borrower is willing to pay higher rates) to SMEs than to larger companies.

In the quest to examine the challenges that confront the success of SMEs financing within the Madina Municipality of Ghana, respondents of the bank were asked to indicate their preference by either indicating strongly agree, agree, neutral, disagree and strongly disagree on the various statement pertaining to the challenges of SMEs financing. Their responses were analyzed and presented in the descriptive statistics table below:

Table 4.6: Descriptive Statistics on the challenges that confront the success of SMEs financing.

	N	Minimum	Maximum	Mean	Std. Deviation
Inability of SMEs to provide Collateral for loans.	300	1.00	2.00	1.7230	.45432
Cost of securing a loan was Too high.	300	1.00	2.00	1.9391	.89135
Inability of SMEs to present Audited financial statement.	300	1.00	2.00	1.3913	.49018
Lack of education on fund cre officers.	300	1.00	4.00	2.0174	.74907
Valid N (list wise)	300				

Source: Author's Computations, 2020

4.6 Challenges faced by GCB when financing SMEs in Ghana.

According to the literature review, any potential provider of external debt or equity will want to monitor the company to whether it is acting in accordance with the initial contract, to follow the progression of the firm and to have the means to oblige the user of the funds to respect the interests of the provider of funds. There are numerous reasons why doing this effectively is more problematic for SMEs than for larger firms. Hence, banks are more likely to engage in credit rationing (i.e., not extending the full amount of credit demanded, even when the borrower is willing to pay higher rates) to SMEs.

In the quest to examine the challenges that confront the success of SMEs financing by commercial banks in Ghana, respondents were asked to indicate their preference by either indicating strongly agree, agree, neutral, disagree and strongly disagree on the various statement pertaining to the challenges of SMEs financing. Their responses were analyzed and presented in the descriptive statistics table below:

Table 4.7: Descriptive Statistics on challenges faced by GCB in Financing SMEs in Ghana.

Constructs	Number of observations	Minimum	Maximum	Mean	Std. Deviation
Collateral for loans.	4	1.00	2.00	1.7230	.45432
Cost of securing a loan.	4	1.00	2.00	1.9391	.89135
Audited financial statement.	4	1.00	2.00	1.3913	.49018
Lack of education.	4	1.00	4.00	2.0174	.74907

Source: Author's Computations, 2020

In examining the challenges that confront the success of SMEs financing in Ghana, the analysis in table 4.7 revealed that the inability of SMEs to provide collateral was one of the major challenges confronting the success of SMEs financing. The high collateral requirements are a reflection of the SMEs s' perception of the risk involved in SMEs financing which is often characterized by relative high default rates and difficulty in enforcing contract obligation due to the virtual lack of strong property rights protection. In addition, assets are not properly registered and are easily transferrable, making it difficult to enforce foreclosure clauses in contracts. The mean for this respond was 1.72 approximately 2 (agree).

Again, table 4 revealed that the high cost of securing loan (high interest rate) was one of the major challenges confronting the success of SMEs financing Most SMEs are unable to access SMEs credit due to the high interest rates by these SMEs s. Interest rate in Ghana currently is about 25%. The SMEs s could afford to demand such high interest rates partly because they have access to alternative investment avenues in government securities which tend to bear high interest rates. So, in effect, firms are being crowded out of the credit market partly inappropriate monetary policies. The mean for this item was 1.93 approximately 2 (agree).

In examining the challenges that confront the success of SMEs financing in Ghana, the analysis in table 4 revealed that the inability of SMEs to present audited financial statement was one of the major challenges confronting the success of SMEs financing. Thus, SMEs are unable to publish the same quality of financial information as those big firms and as such are not able to provide audited financial statement, which is one of the essential requirements in accessing credit from the financial institution. The mean for this item was 1.39 approximately 1 (strongly agreed).

In examining the challenges that confront the success of SMEs financing in Ghana, the analysis in table 4 revealed that the lack of education on the credit officers of funds on the part of SMEs was one of the major challenges confronting the success of SMEs financing. Thus, SMEs are normally dominated by one person, with the owner/manager taking all major decisions. The entrepreneur possesses limited formal education, access to and use of new technologies, market information, and access to credit from the SMEs in the sector is severely limited.

4.7 Discussion of findings

Financing of SMEs by GCB reveal a positive relationship with GCB profitability showing that, in order for GCB to gain higher performance, financing of SMEs should be increased with reduced taxes. In some cases, addition of grant from other source in business capital would also associate with SMEs development generation. It was further noted from the findings that, provision of loan from the GCB was associated with some advantages like access to grants or otherwise. The enterprise that get access to loan is expected to access grant and vice versa this inconsistence with Olutunla & Obamuyi (2015) study.

This was linked to discussions made with SME dealers that, as the SME got accesses to loan much of it was trusted by granters due to initial efforts expressed on business. the study revealed GCB significant source for financing SMEs in Ghana. With regard to loan and grant, the findings are supported with simple economic theory which suggests that, access to credit should lead to higher SMEs developments and further confirms the work of McMahon et al. (1993). Similar findings to Olutunla and Obamuyi (2015) support the study that, significant increase in SMEs development is contributed by additional amounts in loan. Last but not least, confirms the statement by Keasey and Watson (1991) that, increase in loan, impacts the SMEs development of an enterprise, and that, the use of banks' financing is associated with higher business performance.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter presents the summary of findings, conclusion and recommendations of the study by focusing on the three objectives. The chapter is therefore, divided into three sections. Section one presents summary of findings. Section two draws focus on the conclusion of the study. Section three presents the recommendations of the study.

5.1 Summary of Key Findings

The analysis revealed that, government grants, deposits mobilization of its customers, overnight transactions, net income and cash flows that emanate from the securities traded on the GSE are used by the banks to finance the growing demands of SMEs in Madina Municipality. Again, the challenges associated with SMEs financing includes the Inability of SMEs to provide Collateral for loans, Cost of securing a loan was too high, inability of SMEs to present audited financial statement, lack of education on fund credit officers. Lastly the study revealed that GCB's SMEs financing have a significant positive effect on SMEs financial performance.

5.2 Conclusion

The study investigates SMEs financing by commercial banks in Ghana with special focus on GCB Bank branches within the Madina metropolis. Descriptive and explanatory research design were used. Sample size of 300 respondents was selected using purposive sampling technique. Data on responses was obtained using questionnaire and was analysed quantitatively using descriptive statistics and regression model. The study established that Cash-flows from portfolio of securities, Deposits mobilization, and Net income were the major SMEs financing sources adopted by the bank which has a positive relationship with the bank's profitability. Again, the challenges associated with SMEs financing includes the Inability of SMEs to provide Collateral for loans. Cost of securing a loan was too high, inability of SMEs to present audited financial statement, lack of education on fund credit officers. Also, GCB's SMEs financing have a significant positive effect on SMEs Financial Performance.

5.3 Recommendations

Based on the advances made by this study and coupled with the extensive work done on the study the following were the recommendations

Given that SMEs lack education on fund credit, entrepreneurship development programs must have a substantial component devoted to the training of accounting record keeping and bank transactions of the SMEs business owners. This will increase the confidence the banks have in the SMEs entrepreneurs to enable them have more access to credits (loan):

Given that cost of securing a loan was too high, it is recommended that, banks and NBSSI should focus initially on working capital as against investment loans working capital loans may indirectly generate investment by successful SMEs, which were likely to plough back profits into their operations and expand the capacity of SMEs businesses. Investment lending should be concentrated on SMEs that have already reinvested substantial internal resources but needed supplementary external capital injection.

Given the inability of SMEs to provide Collateral for loans, banks need to develop alternatives to property as collateral to secure loans, such as personal guarantors, sales contracts and lien on equipment financed. All of these, however, may depend on improvements in the ability of the legal system to enforce commercials contracts. Also working arrangement with NGOs may help reduce the cost of screening and monitoring of SMEs entrepreneurs.

Given the inability of SMEs to present audited financial statement, it is recommended that SMEs partner with other NGOs specialize in financial statement preparation so as to guide them in financial report preparation. This can go a long way to help them look attractive to commercial banks thereby increasing their loan portfolio.

Given that commercial banks finance SMEs from Cash-flows from portfolio of securities, Deposits mobilization, and Net income, the study recommends that banks should have high cash reserves enough to cover customers' deposits so as resist liquidations and panic redraws.

For further research, a study on the design of performance control by banks in relation to SMEs fund credit officers has the tendency of enabling corporate sustainability credit officers and consequently reducing default.

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APPENDIX

KNUST School of Business
Department of
Cell:
School number:

Dear Respondent,

FINANCING SME'S IN MADINA MUNICIPALITY: THE CASE OF GCB BANK

My name is Eugene Ansa-Akyea a student of Kwame Nkrumah University of Science and Technology School of Business, Department of Accounting and Finance. As part of the data collection process. I am writing kindly to request your participation in the survey by completing the questionnaire, which is purposely to sample views of SMEs and GCB credit officers.

The findings of the study are expected to add knowledge to the existing academic literature, which would be used for academic purpose and would also be helpful in explaining managerial behaviour and business performance, which are also critical to the successful management of Ghana organisations operating in Africa and Ghana.

No individual information will be disclosed and all results will be presented as an aggregate summary data for academic purpose. It would take a participant approximately 10 to15 minutes to fill out the questionnaire.

Thank you for your cooperation.

Yours Sincerely

…………………………………….. ....

Eugene Ansa-Akyea **(candidate)** Kwasi Poku **(Supervisor)**

Email:**………………………….**

CONSENT FORM

I acknowledge that, I understand the research and that the study has fully been explained to me. I am also aware that, any information I offer to the researcher would be used in the research report. I further concede that the researcher has assured me the following:

- That my participation in this research is voluntary.
- That my personal details or information will remain anonymous throughout the research study as well as in the research thesis.
- That I can decline to answer any question about which I feel uncomfortable without any compulsion.

I hereby consent to being a participant for the research study titled: **FINANCING SME'S IN MADINA MUNICIPALITY: THE CASE OF GCB BANK**

Signature ☐ **(Please Sign with an X)**

Date Signed ________________________

QUESTIONNAIRE

FINANCING SME'S IN MADINA MUNICIPALITY: THE CASE OF GCB BANK

Please answer the following questions by marking the appropriate answer(s) with an **X.** This questionnaire is strictly for research purpose only.

SECTION A: BACKGROUND

Instruction (Please tick (√) where appropriate)

Gender	**Tick**
Male	
Female	
Age	**Tick**
Less than 30 years	
31 – 40 years	
41 – 50 years	
More than 50 years	
Position in company	**Tick**
Senior Management	
Middle Management	
Junior Management level	
Experience in company	**Tick**
Less than 5 years	
5 – 10 years	
11 – 15 years	
16 – 20 years	
More than 20 years	
Level of Education	**Tick**
MSLC/JHS	
SSSCE/WASSCE	
DIPLOMA	
FIRST DEGREE	
MASTERS	
PHD	
OTHER	

B Examining the source of fund for financing SMEs.

To what extent do you agree with the following statement on the source of fund for financing SMEs in Ghana?

Key: 1=SA-Strongly Agree 2=A-Agree 3=N-Neutral 4=D-Disagree 5=SD-Strongly Disagree

Source of funds	**1**	**2**	**3**	**4**	**5**
Bank loans (short-term) are the major source of funds for SMEs in Ghana					
Mortgages are the major source of funds for SMEs in Ghana					
Hire purchase are the major source of funds for SMEs in Ghana					
Long-term leasing are the major source of funds for SMEs in Ghana					
Trade crediting are the major source of funds for SMEs in Ghana					
bonds are the major source of funds for SMEs in Ghana					
Debentures are the major source of funds for SMEs in Ghana					

C. The challenges confronting the success of SMEs financing in Ghana.

To what extent do you agree with the following statement on challenges confronting the success of SMEs financing in Ghana?

Key: 1=SA-Strongly Agree 2=A-Agree 3=N-Neutral 4=D-Disagree 5=SD-Strongly Disagree

Challenges confronting the success of financing SMEs	**1**	**2**	**3**	**4**	**5**
Inability of SMEs to provide Collateral for loans is a major challenge					

confronting the success of financing SMEs					
Cost of securing a loan was Too high. is a major challenge confronting the success of financing SMEs					
Inability of SMEs to present Audited financial statement. is a major challenge confronting the success o financing SMEs					
Lack of education on fund management. is a major challenge confronting t success of financing SMEs					

D. SMEs PERFORMAMCE

Using a scale of 1-7 (where 1=Excellent, 2=Very good, 3=good, 4= fairly good, 5=Neutral, 6=Bad, 7=Very bad), indicate the SMEs' performance in relation to GCB financing adopted for the past 3 years.

PERFORMANCE	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Fp1. Our organization sales volume are increasing							
Fp2 The profit level of our organization has been increasing							
Fp3. The growth in sales have been improving in the past year							
Fp7. The company's market share has been increasing							

E. What measures in your opinion can be implemented to enhance SMEs financing in Ghana?

1. …………………………….
2. …………………………….
3. ……………………………….
4. ……………………………….
5. ……………………………….
6. ………………………………….