

The Impact of Micro Financing on Entrepreneurial Growth and Development in Ghana

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Abstract: This research is aimed at examining the impact of microfinance on entrepreneurial development in Ghana. Various literature in relation to microfinancing, entrepreneurship and their relations were reviewed and depicted the level of microfinancing support to entrepreneurial operations in Ghana and worldwide. The study centred on two (2) broad variables: the dependent variable which is entrepreneurial development and the independent variable as microfinance institutions. A hypothesis that focused on non relational existence between microfinance and entrepreneurial development was formulated and tested using the chi-square. The findings of the study revealed that there is a significant relationship between the contributions of microfinance activities such as credit delivery, deposit mobilization, capital formation, business incubation among others and proved entrepreneurship financial awareness, growth and development. The researcher therefore recommended among other factors that there is the need for the state of Ghana to provide support to the existence of the various microfinance institutions to let them become adequately resourced to provide the necessary support to the entrepreneurial development and growth.

Keywords: Entrepreneur, Ghana, Entrepreneurship development, poverty obliteration, social entrepreneurship

Introduction

Much has been written and debated on the merit and means of promoting entrepreneurship in any country to ensure economic growth. Osunde and Mayowa (2012) postulated the importance of small scale enterprise and indicated that it is very crucial to the development of a country's economic growth and with a point that entrepreneurship is sine qua non to national development, poverty eradication and employment generation. These small scale enterprises usually come in the form of entrepreneurs who earn their livelihoods by being self employed as micro entrepreneurs or by working in micro enterprises (very small businesses which may employ up to five (5) people). These micro entrepreneurs make a wide range of goods in small workshops; engage in small trading and retail activities; make pots, pans and furniture, or sell fruits and vegetables. (Akingunola, Adekunle, Adegbesan, Aninkan (2013)). These poor households serving as entrepreneurs often fail to secure the capital they need and miss the opportunities for growth because they do not have access to financial services, loans or safe places to hold savings (Egwuatu, 2008). Entrepreneurship development in Ghana is engulfed with a number of challenges. These challenges manifest differently in different ways. There are certain challenges that are common to entrepreneurship in the Ghanaian context of entrepreneurs which include inadequacy of capital for production investment, problem of accessing financial assistance from the banking institutions, undeveloped infrastructural facilities for entrepreneurship take-off, asymmetric information with regards to business climate, complex bureaucratic procedures in setting-up a business and high cost of doing business. Aderibigbe (2001) is of the view that microfinance recognizes the peculiar challenges of micro enterprises and of their owners. It recognizes the inability of the poor to provide tangible collateral and therefore, promotes collateral substitution; disbursement and repayment are not structured to suit credit need and cash flow pattern of small business. The challenges of accessing the financial resource to enhance and develop their entrepreneurial opportunities have led to the establishment of various financial institutions in Ghana with particular reference to microfinance companies.

This study takes a look at entrepreneurial development using the microfinance institutions (MFIs) as its main objective as to investigate how the microfinance impacts on entrepreneurship development in Ghana using the Kumasi Metropolitan Assembly as a case study. The specific objectives however are: (a) to examine the role played by MFIs on entrepreneurship development in Ghana, (b) to assess the challenges faced by MFIs in promoting entrepreneurship in Ghana, (c) to offer necessary policies directions for possible implementation. The study hypothesis is that; there is no significant relationship between microfinance and entrepreneurship development in Ghana and beyond. At the end of this study, it is expected it will be a valuable addition to existing literature on entrepreneurship as impacted by microfinancing and will also give entrepreneurs in Ghana

some valuable insights into the effects of their activities as means of sourcing for funds in promoting their businesses. The information obtained from the study will be of great significance to MFIs that will see the need to support entrepreneurship which is today a potent instrument of activating the economic growth in developing countries and which is associated with job and wealth creation, poverty obliteration, innovations, and its related welfare effects. The study will also point out why MFIs are potent force/agents of economic and entrepreneurship development in developing countries.

Literature Review

The Ghanaian business environment offers many entrepreneurial opportunities. Various programmes and policies have been put in place by both the government and society at large to encourage entrepreneurial activities for economic development and business expansion. One of the avenues for accessing finance and capital for business operations is the microfinancing concept that has emerged in Ghana in recent times. This literature will review the microfinance, entrepreneurship and assess their relationships in the socio-economic development.

Microfinancing

Microfinance is usually understood to bring about the conditions of financial services to micro-entrepreneurs and small business holdings, which has less access to banking and related services due to the high transactional costs linked with assigning these client categories. It is provided with very small loans to very poor families with the purpose to help them employ fruitful activities or care for their very small businesses. Modern concept of microfinancing was originated in Bangladesh and it has successfully been implemented and the result of this is that, problem of unemployment and lack of access to funding have reduced. Microfinance institutions generally have the following characteristics:

- To provide small loans to the rural poor for their working capital requirements.
- Nominal assessment of borrowers and investments as compared to commercial banks.
- These institutions require compulsory savings and group guarantees but no collateral security is being demanded..

According to Ledgerwood (1999) “Microfinance has evolved as an economic development approach intended to benefit low-income women and men. The term refers to the provision of financial services to low-income clients, including the self employed.” While according to ADB (2008) “Microfinance is the provision of a broad range of financial services such as deposits, loans, payment services, money transfers, and insurance to poor and low-income households and their microenterprises.” These statements are elaborating that microfinance is a financial services but designed specifically for poor to improve their lives in sustainable way. Thus, to Agion & Morduch (2005), due to microfinance, many possibilities have emerged including extending markets, reducing poverty and fostering social change. But there is wide spread confusion that microfinance is just lending credit to poor. We should mention here that microfinance is no more giving only loans but covering the issues of poverty alleviation, putting social impact on poor and educating the poor to do savings. MFIs are made up in various forms. Therefore, MFIs, today are not only NGOs but serving as a complete banking and main financial systems to support business development and operations. This discussion lead to us that microfinance is a form of financial services for poor to help them for their business activities by giving micro credit and other support needs.

Entrepreneurship

Entrepreneurship is one of the most widely used term in business, management, economics and other related fields. One of the important thing is that entrepreneurship has different meaning for different people, some use it in the meaning of innovation, creativity, risk taking, leadership, and profit maximization or in social context, some consider it as start up of business, new production methods and many other different meanings. Timmons (1989) sees it as the creation, building and distribution of something of value from practically nothing to individuals, groups, organizations and society and summed up by stating that it involves planning and organizing small business ventures through the mobilization of people and resources to meet people needs. Davidsson, (2004) described that entrepreneurship is rich phenomenon which makes it a resourceful field. While defining entrepreneurship, we consider some school of thoughts that have major role to define this field. Entrepreneurship, under the flag of Schumpeter school of thought (Swedburg, 2000), is about innovation in organizational process, thinking up new combination, entrepreneurial behaviour and motivation of entrepreneurs. While according to Gartner (Thornton, 1999), entrepreneurship is about creation of new

organization or new startup, creating values and entrepreneur mean owner-manager. In Krizner's view (Swedburg, 2000), entrepreneurship is searching opportunities and exploiting them to reflects towards the alertness capability of entrepreneur towards profit opportunities. Thus, it must be noted, entrepreneurship is a battlefield; it requires the brave heart, a surviving spirit and a well crafted strategy in order to keep alive. In the business language, entrepreneurship is very competitive, it requires skills, planning, creativity, and intelligence to stay relevant and on top of your market competition. Entrepreneurship means innovation, creativity, leadership, profit maximization or start of a new business. Entrepreneurship helps in the process to increase economic growth, employment generation, increase national income and also creates innovation (Ismailov and Zahid, 2008).

Theories of Entrepreneurship

Osunde (2014) emphasized that entrepreneurial development is a catalyst for economic, social and industrial development. Various theories have been propounded by scholars in relations to entrepreneurship development. Among the various entrepreneurship theories are Cantillon's theory(1755), Marshall's approach to entrepreneurship (Marshall, 1949), The Social Enterprise School, Schumpeter (1999): the discovery and opportunity theory of entrepreneurship (equilibrium destruction theory) and Sociological Theories of Entrepreneurship.

Cantillon's theory(1755) does not view the entrepreneur as a production factor as such, but an agent that takes on risk and thereby equilibrates supply and demand in the economy. Marshall tried to create equilibrium by having many players in the market, hence perfect competition and not monopolist market. His theories consider many "great men" who establish equilibrium in the supply and demand in the market for goods and services. Marshallian analysis gives small contributions from a very large number of modest entrepreneurs leading to economic progress. Social entrepreneurship according to Austin, Stevenson & Wei-Skillern (2006) is an entrepreneurial activity with an embedded social purpose and has become an important economic phenomenon at a global scale. To Ebrashi (2013), the phenomenon of social entrepreneurship explains the social unique behaviours, characteristics and typologies that support the creation of sustainable public wealth rather than just focusing on private wealth and business performance. Schumpeter looks at entrepreneurship as innovation and not imitation. In the Schumpeterian theory, the entrepreneur moves the economy out of the static equilibrium. Marz (1991), states that "Schumpeter hardly denied that the process of accumulation is the ladder to social power and social prestige; but he thought the very mainspring of the exercise of the entrepreneurial function is the powerful will to assert economic leadership. The joy of carrying through innovations is the primary motive, the acquisition of social power, a subsidiary to it. The entrepreneur is not (necessarily) the one who invents new combinations but the one who identifies how these new combinations can be applied in production. This line of reasoning implies that a business owner is considered an entrepreneur only if he is carrying out new combinations. The entrepreneur moves the economic system out of the static equilibrium by creating new products or production methods thereby rendering others obsolete. This is the process of "creative destruction"(creating uncertainty) which Schumpeter saw as the driving force behind economic development (Schumpeter, 1949). Two features of Schumpeter's work on the entrepreneur are particularly distinctive. The first is his view of innovation as revolutionary and discontinuous rather than small-scale, marginal, gradual and cumulative. The second is his (later) view that, as capitalism develops and matures, large firms become the powerhouses of innovation and usurp the entrepreneurial role that was originally so associated with extraordinary and energetic individuals. 'Economic progress tends to become depersonalized and automatized' (Schumpeter 1989) while teams of technicians and specialists eventually receive 'wages such as are paid for current administrative work'. The second of these propositions, somewhat paradoxically, is similar to Mill's mid-nineteenth century classical formulation, with an additional emphasis on large firms. Both propositions have been subject to re-examination and criticism. Bhidé (2000), for example, uses the history of the microcomputer revolution at the end of the twentieth century to investigate Schumpeter's propositions and concludes that firms of varying sizes play a role in innovation as do large research departments and small-scale enthusiasts. 'Individual entrepreneurs and large companies play complementary roles and (this) helps explain why new combinations evolve in a gradual rather than a discontinuous way'. With respect to sociological theories of entrepreneur, enterprises can be formed as a result of teams. Three principles underlying team formation may be distinguished: choice on the basis of homophily, purposive choice, and choice constrained by context or opportunity structure. Homophily refers to the tendency of people to associate with others similar to themselves, such as choosing others on the basis of gender or ethnicity. Purposive choice reflects people's tendencies to choose others who possess valuable skills, such as education or experience. Finally, opportunity structures set a context within which the first two principles operate. Founders cannot choose someone whom they have not met or have no way to reach, such as a person who works in another organization or lives in

another city (Ruef & Turnbull 2002). To Bula (2012), entrepreneurship has a psychological contract involving a give and take “transactionary” relationship in form of teamwork involving two or more individuals who jointly establish a business in which they have an equity (financial) interest. These individuals are present during the pre-start-up phase of the firm, before it actually begins making its goods or services available to the market. Thus, according to Bird (1989) there are psychological benefits derived from relationships between team members and unlike a solo entrepreneur who bears the burden of making decisions and facing their consequences with no one else to blame, sociological entrepreneurial teams spread the responsibility across individuals. They have the responsibility to defend decisions to other individuals as they have equity stake in the venture which make team members more confident in their decisions. Francis and Sandberg (2000) emphasized on the sociological entrepreneurship by noting that friendships “may hold teams together and stimulate heroic efforts during difficult times.”

Conceptual framework

In this review we can consider there is description about each factor which describes best about microfinancing and its role of entrepreneurship growth and development:

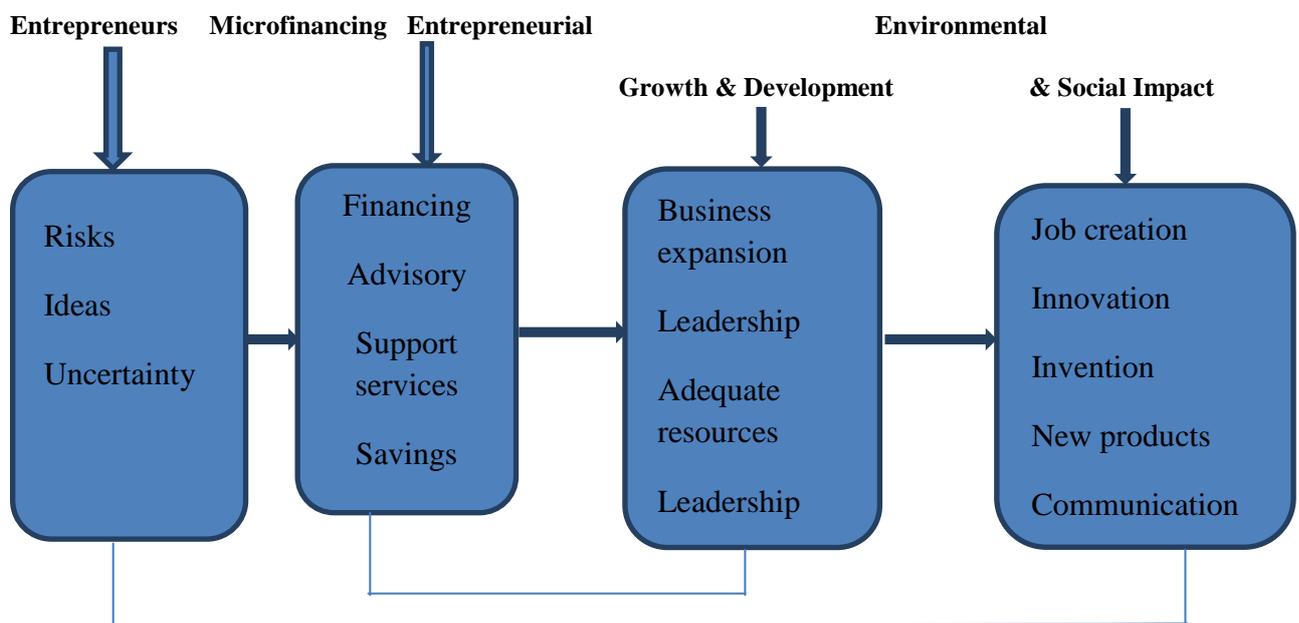


Figure 1: Microfinance & Entrepreneurship Relationship

There is a description about each factor conceptualized. Thus, microfinance institutions always monitor the trends of entrepreneurial operations and concepts (risks, ideas and business uncertainties) and then craft strategies in the forms such as savings mobilization, credit delivery, support and advisory services that are intended to provide opportunities to the entrepreneurs. The entrepreneurs through these support from the MFIs are able to actualize their ideas through business expansion, effective and efficient leadership and access to adequate required resources for operations. The benefits derived which invariably reflect on society by way of creating expanded employment avenues, innovations and inventions of new products that enhances human life existence as well as provision of an improved communication.

Microfinance and Entrepreneurial Relations

Among the objectives established in the study was to ascertain the relationship that exist between microfinance and entrepreneurial development in Ghana. Abounds literature reviewed justify the relation in the following empirical evidences. To Kiiru and Mburu (2006), when microfinance becomes an option for financing, depending on the characteristics and socioeconomic status of the household there is the possibility to exploit a business opportunity given microfinance as a source of capital (opportunity-driven- entrepreneurship or financing) and research has shown that whether a household gets in to either survival or opportunity driven

financing it mainly depends on the socioeconomic status of the household and/or entrepreneurship capability. Kiiru (2007) emphasized Microfinance empowers the entrepreneurial spirits that exist among small-scale entrepreneurs worldwide and facilitates the establishment of microenterprises and encourages best practices among individuals involved in small and medium size enterprise (SMEs) (Olu, 2009). A school of thought advocates that lack of credit hinders the growth of microenterprises, indicating that microfinance and entrepreneurship have a positive relationship. This thought believes that lack of credit is a major constraint to the development of microenterprise and believes that microfinance plays a positive role in enabling a society achieve its larger goal of deriving social and economic benefits (Hashemi et al., 1996; 1994; Schuler et al., 1997). Anand (1994) examined the performance of microenterprises in Botswana the balance between lending and borrowing activities of MFIs. The study observed that MFIs focus more on lending than borrowing. Lending activity constituted 75% while borrowing constituted only 10% of their total activity. This clearly shows that finance cannot be considered a constraint for entrepreneurs and demonstrate a symbiotic relations that exist between microfinancing and entrepreneurial development since the entrepreneurs require financing for survival.

Firms supplying the finance to entrepreneurs are equally dependent on them for business, and to expand their services across all sectors of the economy. Robinson (2002), a prominent expert in the field of microfinance, notes that “The formal sector has begun to realise that financing the poor can be both economically and socially profitable.” The interrelationships and interdependency of microfinance, entrepreneurship and sustainability further exemplify the informal practice of “sustainable microentrepreneurship” among the world’s poor. But although interrelated and interdependent, each of the aspects must be further explored individually to gain a greater understanding of the complexities of the connection between them. The aforesaid therefore suggests that there is a positive relationship between microfinance and entrepreneurship or microenterprises. Microenterprises or entrepreneurs operations and processes promote income generating activities thus promoting repayment. Being able to repay microfinance loans by income generated from microenterprises enables microfinance to be sustainable, innovative, creative and expansive. Microfinance is specifically designed to offer financial services to microentrepreneurs. Microfinance enables microentrepreneurs to expand and run their businesses. The foregoing shows that microfinance and entrepreneurship are mutually beneficial to each other.

Methodology

This research took an inductive approach where data was collected and a theory developed as a result of the data analysis. As indicated by Saunders, Lewis and Thornhill (2007), when you commence your research project from an inductive position, you need to build up a theory that is adequately grounded. The methodology describes the population of the study, sample and sampling techniques, sources of data, methods of data collection and analysis. The main focus is to describe the tools that were used in gathering data and also identified the proper measurement techniques which were employed in gathering data. The population of the study consists of the entire business operators doing business with MFIs in Ghana. This study, however was restricted to Kumasi Metropolis in the Ashanti Region of Ghana. Simple random sampling technique was used to select a total of 150 small business operators that constituted the sample size. The study utilized both primary and secondary data. The primary data was obtained via responses through questionnaires and personal interviews with the respondents. Their responses were summarized into tables and conclusions made on the basis on the responses. The secondary data was obtained from reputable journal articles, papers and internet sources as well as books. The method used for analysing the primary data is CHI-SQUARE which measure the discrepancies existing between the observed and expected variables and to proof the level of significance in testing the previously stated hypothesis. The level of significance to be used is 0.05. The Chi-Square test was used to test the data collected which leads to the acceptance or rejection of the null hypothesis (Ho).

Data Presentation, Hypothesis Testing and Analysis

The research objective set to assess the impact of micro financing on entrepreneurial growth and development was investigated descriptively. Data collection instruments through interviews and questionnaires formed the basis of presentation and interpretation. 150 questionnaires were drawn and distributed to various small business holders within the Kumasi Metropolitan Assembly of Ashanti Region of Ghana, of which only 132 questionnaires administered were fully attended to and received back representing 88% response rate. This study analyzed the data in relations to the research questions that the respondents addressed as collated and presented in tabular forms, after which simple percentage were used to analysis the data. All the hypothesis

postulated were tested at 0.05 levels of Significance using the chi-square test. The analysis were done in the categories of demographic features and research objectives.

Table 1: Demographic Characteristics of Small Business Holders

Variable	Frequency	Percentage
Gender		
Male	53	40.15
Female	79	59.85
Educational Level		
Basic	39	29.54
Secondary	67	50.76
Tertiary	26	19.70
Age		
18-30	26	19.70
31-50	78	59.09
Above 50	28	21.21
Marital Status		
Single	25	18.94
Married	71	53.79
Others	36	27.27
Business Experience		
Less than 1 year	24	18.18
2 to 5 years	57	43.18
More than 5 years	51	38.64
Nature of business		
Trading	69	52.27
Manufacturing/Processing	18	13.64
Service Provision	45	34.09

Field Survey (2017)

The table 1 above reviews the demographic characteristics of the research respondents in respects of gender, educational levels, age, marital status, business experience and nature of business. Since the study used a simple random sampling and the researchers did not have control over the choice of respondents, the **gender** result showed that 40% constitute male whereas 60% constitute female depicting that females are more visible and receptive to responding to researchers questionnaires and interviews. In terms **educational level**, more than half (51%) were holders of secondary education certificate showing the important role of education plays in entrepreneurial development. The results also show that majority of these business holders are between the **ages** 31-50 which makes up 59% of the study population. This means more middle age people are involved in small holding business activities. It is deduced that majority of the population sampled were also **married** implying people who are matured and married have the ability to provide meaningful responses and most of the time confer when doing business where necessary. In respect of **business experience** levels of the respondents, just about 19% only had less than a year experience connoting their ability of understanding the business they are engaged in with the capacity to provide every necessary facet of required information for analysis.

Table 2: Provision of credit facility to Entrepreneurs

Responses	Frequency	Percentage (%)
Yes	111	84.09
No	21	15.91
Total	132	100.00

Field Survey (2017)

It is deduced from table 2 above that microfinance provide credit facility to entrepreneurs which give them opportunity to expand their businesses. Thus, 84% of the respondents confirmed benefitting from microfinance through credit facility.

Table 3: Credit facilities to Entrepreneurs are for long term projects

Responses	Frequency	Percentage (%)
Yes	13	9.85
No	119	90.15
Total	132	100.00

Field Survey (2017)

The table 3 above depicts the credit facilities offered by microfinance institutions are for short term basis as 9.85% constituting only 13 respondents out 132 responses indicated a positive response of benefitting from long-term funding from the microfinancing firms. Thus in respect of microfinance provision of credit facilities to entrepreneurs, the terms of the facility are not for long term basis which invariably do not offer sustainable funding effective enough for entrepreneur business growth and expansion

Table 4: On-Site Deposit Mobilization

Responses	Frequency	Percentage (%)
Yes	89	67.42
No	43	32.58
Total	132	100.00

Field Survey (2017)

With respect to mobilizing deposits direct from client at their place of business operations, table 4 above showed 67.42% of the MFIs were seen to offer the services to entrepreneurs which provide opportunities to have adequate time not only to serve their customers well but to develop their operational activities to its maximum capacity.

Table 5: Provision of Advisory Services

Responses	Frequency	Percentage (%)
Yes	84	63.64
No	48	36.36
Total	132	100.00

Field Survey (2017)

The response shown in table 5 testify besides financial assistance, microfinance institutions also provide advisory services by way of technical, manpower, directions and marketing support among others to their clientele. This is shown in the table above by a large majority of 63.64% given by the respondents.

Table 6: Create and Support Business Incubation

Responses	Frequency	Percentage (%)
Yes	78	59.09
No	54	40.91
Total	132	100.00

Field Survey (2017)

From table 6 above, it is also deducted that 59.09% of the respondents provided information justifying MFIs support to build or create business incubations. This implies that with respect to supporting business to have a new invention or innovations, MFIs also generate new business ideas and guide entrepreneurs to develop and establish new ventures drive and growth.

Table 7: Refinancing Businesses with Set-backs

Responses	Frequency	Percentage (%)
Yes	67	50.76
No	65	49.24
Total	132	100.00

Field Survey (2017)

Table 7 shows that 50.76% of the respondents are of the opinion that the MFIs refinance their operations when they face any challenge. Business failure as a core feature of entrepreneurship in any country is paramount and that require refinancing by financial institutions as is being practiced by MFIs.

Based on the results gathered a clear cut relationship by testing the hypothesis earlier stated in the introduction part of this paper was drawn either to support or dispute the hypothesis. Thus, the hypothesis stated: there is no significant relationship between microfinance and entrepreneurship development in Ghana.

The statistical technique employed to test for the hypothesis is the chi-square (X^2), the test is a non-parametric test and used to explain the differences between the observed and the expected frequencies. This observation is usually calculated using the formula:

$$X^2 = \frac{\sum (O - E)^2}{E}$$

Where X^2 = chi-square

O = Observed frequency

E = Expected frequency

\sum = Summation

Decision Rule

The test statistics X^{2T} and the critical value X^{2c} are compared. Where the test statistic is greater than or equal to the critical value, then the alternate hypothesis (there is a significant relationship between microfinance and entrepreneurship development in Ghana) will be accepted at same significance level of 0.05. Thus, where $X^{2T} > X^{2c}$ Accept the Null hypothesis.

Table 8: Test of whether Microfinance activities impact on Entrepreneurial Growth and Development

Variables	O	E	O - E	(O - E) ²	$\frac{(O - E)^2}{E}$
YES	112	66	44	1936	29.33
NO	20	66	- 46	2116	32.06
TOTAL	132				61.39

Source: Field Survey

Test statistics = $X^2 = \frac{\sum (O - E)^2}{E} = 61.39$

Critical value = $X^2_{0.05} = 2.93$ (From Tables)

It is therefore deduced from the calculated test statistic X^2 with a value of 61.39 is greater than the critical value tabulated as 2.93 at 0.05 level of significance. Thus, the result rejects the null hypothesis and accepts the alternative hypothesis. The results therefore implies that microfinance activities have a significant impact on entrepreneurial development and growth in Ghana.

Conclusion

The microfinance movement encompasses diverse programmes, all of which are focused on providing financial and other support services to poor households, different business organizations and entrepreneurs in general. The focus of the MFIs operations appears to provide ample room for diversity of programmes of which entrepreneurial development is key (Morduch 2000). The review of literature shows that MFIs are evident tools for entrepreneurial development due to the roles they play in any economy particularly, Ghana. Notably in Ghana and world over, MFIs have been identified as among the key players that positively affect individuals including entrepreneurs, business organizations and the government as well as the economy at large through the services and functions such as deposit mobilization at customers business site, provision of advisory services, business incubation support to start ups, granting of flexible credit facilities and refinancing entrepreneurs in difficulties among others. In real sense we then sum-up the work in general as:

- MFIs provide diverse services and not only to entrepreneurs but to other entities and individuals in different spectrum of life and work.
- There is a significant effect of MFIs activities in predicting entrepreneurial productivity.
- Microfinance is sustainable to the development of entrepreneurship activities in Ghana
- MFIs provide avenue all sort of business operators to have access to capital especially for entrepreneurship development.
- Microfinance positively affect entrepreneurship development and growth in the country.

Entrepreneurship development and growth is critical to the industrialization and economic expansion process of any country. The major contribution of MFIs to any developing economies like that of Ghana with its role and focus of promoting entrepreneurship development in the nation and beyond.

Limitations of the study

The study is open to criticism due to the fact that our coverage hovered around KMA in Ashanti region and it is expected other areas could be researched into so as to enable the generalization of the relationship of microfinance and entrepreneurial development. Also, a point to the fact that microfinance offers very short term financial services to the poor and hence support entrepreneurial development and growth, sustainability was not adequately assessed. The crucial evidence of what is happening on the ground can provide important impressions of how the long term is likely to look like as surety for sustainability of the entrepreneurial business in Ghana.

Recommendations and Managerial Implications

In view of the literature reviewed, coupled with the result of this study, the following recommendations are suggested to assist on the subject matter under study not only to the research target population, but to all other individuals, MFIs and entrepreneurs both in operations and the would be, as well as organizations that have interest on the subject matter. The following recommendations are made: efforts must be made by the MFIs to employ the right caliber of employees who understand the nitty gritty of microfinance operations so as to help their clientele, adequate training should also be instituted and effectively implemented to sharpen the skills of staff for excellent delivery of services, MFIs offer very short term financial services to their clientele. Given the short term nature of financial transactions between borrowers and lenders for facilities, it is not an absolutely far fetched idea to evaluate microfinance also in the short term. The crucial point is that these MFIs are required to raise adequate capital to enable them offer long term financing to provide their clientele base adequate to utilize their funding for growth and expansion modern methods and improved information technology platforms should be used to enable them deal with their clientele in an efficient and effective manner, MFIs must establish a credit information exchange mechanism that would track all borrowings and repayments in the system no matter the size, for entrepreneurs, prompt repayments must be ensured to sustain the microfinance operations and the government with its parastatal institutions must provide both financial and non-financial support to entrepreneurs through MFIs as they have flexible operational terms with the entrepreneurs. This financial support must be in the forms of grants and state-sponsored investment funds and must be adequate to enable beneficiaries sustain their operations. With respect to non-financial support capacity building, provision of adequate infrastructure, well defined governance structure and systems are needed to support both entrepreneurial development and microfinancing operations as well as Social entrepreneurship which is developed along the lines of team building should be encouraged in Ghana to help in the entrepreneurial development and generate more employment avenues.

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