

Financial Sustainability in Addressing Gender Concerns in the SMEs Sector: A Case Study of Selected Women Restaurant Operators in the New Juaben Municipality, Ghana

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Abstract

The study was undertaken to examine the contribution of MFIs on women's entrepreneurial activities that leads to the growth of women restaurants operators in the New Juaben Municipality and also assesses the bottlenecks of women restaurants owners face in accessing credit from MFIs. The study was a survey design aimed at eliciting information from selected women restaurant operators in the New Juaben Municipality. A purposive sampling method was used to sample 56 women restaurant operators in the New Juaben Municipality. The results showed that, 75% of the respondents had their initial capital from personal savings and about 37.50% believed that, unknown interest rates charges by MFIs is a major bottleneck limited their access to credit from the MFIs. The study, therefore, recommended that a swift policy targeted at women restaurant operators by the government of Ghana was necessary to enable them growth. This could increase their capacity and employment creation. Non-governmental organization should consider providing financial literacy training to women restaurant operators to enable them manage their finances well.

Keywords

Financial Sustainability, Gender Concerns, Women, Restaurant Operators, New Juaben Municipality, Ghana

1. Introduction

The New Juaben Municipality has been one of the districts in the Eastern Region and established in 1988 by the Legislative Instrument (LI) 1426 lies between longitudes 1030' West and 0030 East and latitudes 60 and 70 North. The Municipality has common boundaries with East-Akim Municipal to the North-East, Akwapim North District to the East and South and Suhum-Krabo-Coaltar District to the East. It covers a land area of 159 square kilometers, representing approximately 0.6 percent of the total surface area of the Eastern Region. It has 52 major communities with Koforidua as its capital [3].

This research is motivated based on the challenges faced by women entrepreneurs and as well as potential entrepreneurial borrowers in the New Juaben Municipality and Ghana at large. Research has pointed out the fact that,

there are general constraints to Small and Medium Enterprises (SMEs) in Africa and Ghana is no exception. The literature on the challenges of SMEs has ignored the micro impacts of this financial constraint on restaurant operators in general. Financial gaps and knowing their financial status has eluded many women owned restaurant operators in the SMEs sector in Ghana. As [10] further noted that, financial gaps do exist even with large corporations. However, the challenge with the SMEs sector in deep seated with inadequate financial literacy knowledge.

The constraints to SMEs growth are mostly taunted to be one which is related to access to finance with low interest rates. The [4] explained that, women owned SMEs who suffer either financial or non-financial barriers in their businesses show such symptoms at the beginning of their business life cycle and thus, financing business is a major bottleneck. The SMEs is seen to be within the informal sector and are run by the poor who cannot provide enough capital to

sustain it. As argued by [6] that, the poor are generally excluded from the financial services sector of the economy due to their inability to provide collateral to seek loans and credit from the formal financial system and thus the emergence of Microfinance Institutions.

Microfinance Institutions have emerged to solve the problem of the poor entrepreneurs who are not able to access finance from the formal financial institutions and are also in the informal sector. [8] Puts it that, the needs of entrepreneurs are not met by traditional banks, and that it is expected of the non-traditional banking system will assist in making the financial system complete.

[1] demonstrated that, approximate estimates of only 5-6% of the population is reported to have access to formal banking facilities either in the form of credit or loans to boost their businesses.

Restaurant needs both financial and non-financial services to enhance their productivity, profitability and growth and survival. Traditionally, restaurants, running, maintenance and ownership are done by women and only a few cases that men own restaurants within Ghana. The survival of all restaurants either local or international dwells so much on availability finance.

The Microfinance industry has become a major backbone in the sustenance and survival of restaurants in Ghana. Microfinance Institutions (MFIs), as part of their core business, provide credit to restaurant operators. In addition to these financial services, MFIs also provides non-financial services like business training, financial and business management to help improve the capacity of their clients in managing the loan resources granted them.

The number of MFI institutions in Ghana continues to expand rapidly. However, their wide expansion does not correspond to the extent of reduction in the major bottlenecks that affect the growth of restaurants in Ghana, especially in terms of credit provision.

2. Objectives of the Study

The general objective of the study was to assess the financial sustainability in addressing gender concerns in the SMEs sector; taken into consideration selected women restaurant operators.

The specific objectives of this study are:

1. To examine the contribution of MFIs on women's entrepreneurial activities that lead to the growth of Restaurants in the New Juaben District.
2. To assess the bottlenecks women Restaurants owners face in accessing credit.

3. Research Question

1. What is the contribution of MFIs on women's entrepreneurial activities that lead to growth of Restaurants in the New Juaben District?
2. What are the bottlenecks Restaurants owners face in accessing credit?

A study of this nature is very imperative as it offers SMEs, MFIs the essence of credit in business growth and development and the government with the needed information in designing a policy framework to enhance the development of Restaurant operation and it would also enlighten the public on the role MFIs play in the establishment of restaurants.

Empirical studies demonstrated enormous bottlenecks faced by SMEs in their very year of the start of operations. A study by [5] on gender influence on access to innovative resources in Nigeria related that, literature review showed that, men were more innovative than women regarding business activities. Their study investigated how gender influence on access to innovative resources among women and men- owned small and medium – sized enterprises in Lagos State, Nigeria differ. The results of their study showed that, women were discriminated against when it comes to access to finance and skilled workforce, but were not discriminated regarding access to education, extension and support services and partnership. They recommended policies targeted at SMEs in connection with finance and that such policies should be friendly.

[9] Studied the challenges faced small scale women entrepreneurs in Kenya and initiatives put in place to counter the challenges. The study results demonstrated that, women tended to operate enterprises associated with traditional women's roles, such as hairstyling. The study further showed whole arrays of challenges, including and not limited to, lack of finance, discrimination, problems with the city council and so on. The study, therefore, recommended that, women entrepreneurs have to be accepted and supported financially and legally improve their capacity.

[2] looked at factors that influence the survival of women-owned small business startups in the city of Tema, Ghana. The study revealed that, many factors which included innovation, business plan, a strong family support system, social networks and professional development. The study emphasized the presence of gender discrimination in state policies as well as customary laws.

Restaurants operation has been the place in which every Ghanaian seeks refuge when it comes meals serve outside homes.

It serves as a safety net to reduce peoples' livelihood vulnerability as provided them with a source of income.

The study is of the essence as it will assist MFIs to fashion out necessary policies to contribute to sustain the growth of many small scale businesses including restaurant operations and thus contribute to poverty reduction efforts as champion by the millennium development goals.

4. Methodology

Survey research design was adopted with a basic descriptive effort aimed at laying the foundation for applied research on the challenges faced by women restaurant operators in the New Juaben Municipality. The study tends to be quantitative and aims to collect information from a sample

of the target population, such that the results are representative of the population within a certain degree of error. Also the design is chosen because quantitative information needs to be collected through the use of standard and structured questionnaires.

The target population for the study was made up of some selected women restaurant operators in the New Juaben Municipality. Purposive sampling method was adopted to sample the women restaurant operators for the study. This is because it was believed that all the women Restaurant operators were subjects of interest and was important for the study.

Primary data were obtained by the use of questionnaires to elicit information from women restaurant operators in the New Juaben Municipality. The sample size for the study was fifty six (56) women restaurant operators in the New Juaben Municipality. The intention was to ask two basic objectives of the study for this exploratory study. The raw data were fed into the Statistical Package for Social Sciences (SPSS) version 16 for analysis. The findings were presented in the form of

5. Results and Discussions

The questionnaires distributed were all returned and thus provided a response rate of 100%. Many of the women restaurant operators were not educated, and therefore, a team of research assistants had to administer the questionnaire on-site and that accounted for the 100% response rate.

The study was undertaken to examine some selected women's concerns from selected women restaurants operators regarding financial sustainability in their business activities. The study target only women restaurant operators and how they handled their finances and able to grow within this precarious situations and challenges in Ghana.

The limitation of this study is that, it was gender biased, and as such a basic study, which is a precursor for future applied research.

Table 1. Number of Years of Operation.

No. of Years	Frequency	Percent(%)
Below1 yr	6	10.72
1-2	14	25.00
3-5	24	42.86
6years and above	12	21.43
Total	56	100

Source: Field Survey, 2015.

From table 1 above, it shows that, 6(10.72%) of the women restaurants operators started below a year existence. 14(25.00%) have been operating from one to two years. 24 (42.86%) operated from three to five years, whereas 12 (21.43%) have existed for six years and above. The results showed that, the majority of the respondents had started the business five years and such could perhaps explain the problems they are faced with.

6. Sources of Capital for Restaurant Owners

Many businesses which are on paper are unable to start due lack of capital for the initial start up. Many people in partnership business have had their collapsed due to profit sharing and how capital was acquired. Therefore, many business owners prefer to start their businesses with their own sources of funding.

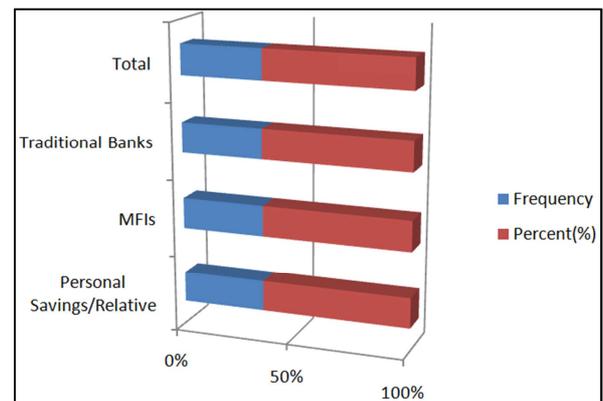


Figure 1. Sources of Capital for restaurant owners.

Respondents were asked regarding the source of capital used to start their businesses. It was revealed that, 42(75%) had their capital through personal savings or from relatives to start their businesses. In addition, 11(19.6%) said they obtained their capital from microfinance institutions (MFIs) whereas, 3 (5.4%) revealed that, they received their initial capital from traditional banks. This particular result explained the small nature of many SMEs in the New Juaben Municipality. The results confirms studies by [7] in their study of access to finance by SMEs in South Africa, as they explained that, access to finance is a challenge to start up SMEs and this constraint business growth.

Table 2. What is the contribution of MFIs to Women Restaurants Operator Activities?

Contribution	Frequency	Percent (%)
Don't Know	19	33.93
Positive	12	21.43
Negative	18	32.14
None	7	12.50
Total	56	100

Source: Field Survey, 2015.

As an objective of the study, the study sought to examine the contribution of MFIs on women's entrepreneurial activities. The result was mixed as it serves to portray that, MFIs are not achieving its stated functions and objectives. The respondents revealed that, 19 (33.93%) of the respondents said they do not know the impact of MFIs on women restaurant operators. 12 (21.43%) believed that, MFIs role has a positive impact on women restaurant operator's activities, whilst 18 (32.14%) responded negatively to the contribution of MFIs to women restaurant operator's

activities and 7 (12.50%) said, MFIs do not contribute to their growth. This result differs from empirical literature in which emphasizes are taunted on the important role played by MFIs to the growth of SMEs in Ghana in particular. The major constraints to Women restaurant's growth is perhaps could be attributable to unknown interest rates paid by borrowers and such could add to the mirage of problems confronting the SMEs sector in Ghana. The result here supported by [1] when related that, approximate estimates of only 5-6% of the population is reported to have access to formal banking facilities either in the form of credit or loans to boost their businesses.

Table 3. Bottlenecks Restaurant Owners face in Accessing Credit.

Bottlenecks	Frequency	Percent
Cumbersome Procedure	19	33.93
Guarantors Provision	5	8.93
Unknown Interest Rates	21	37.50
Groups Formation	5	8.93
Required Savings	6	10.71
Total	56	100

In business activities, challenges are obviously bound to occur and as an objective of the study; the study sought to assess the bottlenecks women restaurant operator faced in accessing credit. 19 (33.93%) respondents related cumbersome procedure as the amount the bottlenecks faced in accessing credit, 5 (8.93%) responded to guarantor provision as a bottleneck towards credit accessing. In addition, 21(37.50%) respondents said that, they did not know the amount of interest rates charged by these microfinance institutions and as such constrained their desire to access finance. 5(8.93%) saw group formation in order to be able to access finance as a bottleneck, and 6(10.71%) respondents believed the minimum required saving was a bottleneck to credit access. As related by [9] *"The experiences the women entrepreneurs have in running their businesses include such problems as lack of enough capital, difficulties in transportation and marketing, the perishability of some commodities and competing demand related to household chores, difficulties in licensing procedures, finding staff with the right skills, willing to work for a small firm can be a problem, as is ensuring they have the time to update their skills and keep up with developments in the field."*

7. Conclusions and Recommendations

Broadly, this particular study was meant to bring up to speed challenges faced by women restaurant operators in the New Juaben in sustaining their business financing for growth and employment creation but not look at it from the point of Microfinance Institutions. Responses elicited from respondents through on-site questionnaire administration.

The results of the study revealed that, many of these women restaurant owners started their business with own capital or from related. The study also opined the situation that, these respondents were avoiding taking credit from Microfinance Institutions with the basic fact of not knowing

the interest they charged when credit facilities are offered them.

The study further revealed the important role of women restaurant operators in employment creation. An approximate estimate based on this study showed that, 60% percent employment is created by these women restaurant operators besides family support.

In lieu of the aforementioned findings of the study, some recommendations were provided to guide women restaurant operators, governments and future researchers who might be studying on related problem or wish to expand this particular study.

In the first place, it is recommended that, women restaurant operators should seek other alternative sources of funding aside personal savings and credit for microfinance by looking at partnerships with other people to increase the size of their businesses for growth. They could seek loans from Government of Ghana's MASLOC scheme to boost their businesses.

In addition, the government of Ghana should redirect its social policy to help finance the activities of women restaurant operators since they contribute so much to employment creations. Non-governmental organizations should provide financial literacy training to enhance the operations of women restaurants operators.

Limitations and Further Research

This particular study was gender biased to look into how women SMEs especially those operating in the restaurant and thus limited in scope. Future researchers could consider male restaurant operators and compare it to women restaurant operators.

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