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Financial Challenges of Small-Scale Entrepreneurs Who Resort to Loans from Microfinance Institutions

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ABSTRACT :

Small-scale entrepreneurs contribute to the economic growth and development of their nation. This study investigated the financial challenges faced by small-scale entrepreneurs in their bid to contribute to the economic growth and development of Ghana through microfinance. This qualitative study ascertained that small-scale entrepreneurs faced numerous financial challenges in their attempt to contribute to economic growth and development. The study was conducted in the La-Nkwantanang-Madina Municipality of the Greater Accra Region of Ghana. Sixteen participants, six males and ten females, provided data for this study. Participants aged between 30 and 55 years. Participants were selected from the small-scale industries of bakery, fish preservation, printing and publishing and restaurant. The Five-Step approach of Taylor-Powell & Renner (2003) was used to analyse data. Six major themes emerged from the study, namely: (Theme 1) Challenges of capital drainage; (Theme 2) Business start-up capital challenges; (Theme 3) Requirements for accessing loans; (Theme 4) Issues in repayment of loans; (Theme 5) Issues in recovery of revenue; (Theme 6) Modes of payment to suppliers The study recommended that government, through the central bank, should set both floors and ceilings for interest rates in the microfinance sector and embrace the welfarists' approach to microfinance delivery.

Keywords*:* constraint, economic development, economic growth, entrepreneur, institutionist, microloan, microinsurance, small-scale enterprise, welfarist

Introduction

Entrepreneurship is progressively being accepted as an indispensable thrust behind economic growth, novelty and employment, and it is generally acknowledged as a crucial dimension of economic vibrancy. The transformation of thoughts into economic prospects is the key concern of entrepreneurship. History indicates that economic advancement has been substantially propelled by practical persons who are risk-taking, novel, tactical and have the ability to take advantage of opportunities (Doran, McCarthy & O'Connor, 2018; Ferreira, Fernandes, & Ratten, 2017).

Entrepreneurship promotes economic growth and development. Since the introduction of the Economic Recovery Programme and the Structural Adjustment Programme, the government of Ghana has carved out policies and measures to improve growth of small-scale entrepreneurial actions (Alagidede, Baah-Boateng & Nketia-Amponsah, 2013; Bhagwati & Panagariya, 2013; Doran et al., 2018). These road maps were designed to assist able entrepreneurs. These policies had been designed to support expectant entrepreneurs to overcome challenges inherent in the small-scale enterprise industry (Asantewa, 2015; Bruton, Ahlstrom & Si, 2015; George, Rao-Nicholson, Corbishley & Bansal, 2015; Ogbuabor, Malaolu & Elias, 2013). The policies were expected to create the enabling environment for entrepreneurship to grow well and create job opportunities in the informal sector of the economy.

The informal sector of the Ghanaian economy employs a considerable number of the labour force in the country. The informal sector of the economy assimilates the majority of citizens who find it difficult to be employed by the formal sector of the economy (Acs, Antio & Szerb, 2014). The informal sector provides employment for citizens in diverse industries. Research findings provide that small-scale firms are regarded as the reservoir of the indigenous dexterity and novelty required to permeate markets and have the potential to offer steady employment and income creation in different neighbourhoods and to people with disparate echelons of training (UNDP, 2016). In fact, entrepreneurship promises to reduce unemployment significantly and contribute to the growth and development of the nation's economy.

In spite of the vivid promises of entrepreneurship, operating capital has been the major constraint of entrepreneurs in Ghana. Acquisition of capital for entrepreneurship is a herculean task which is difficult to surmount (Asantewa, 2015; Jackson, 2014). Entrepreneurship has suffered for so long a time due to the reluctance of the formal banking sector to grant loans to entrepreneurs. The commercial banks grant loans to only large and medium-sized enterprises to the disadvantage of small-scale ones (Asantewa, 2015). Some of the commercial banks are implicit in their reluctance to provide loans for small-scale enterprises. Huge collateral and high interest rate requirements are some of the impediments faced by the small-scale entrepreneurs who approach commercial banks for loan (Asantewa, 2015). Small-scale entrepreneurs require a more flexible alternative financial system that will support them to overcome the obstacles posed by the commercial banks. In ensuring financial inclusion for the underprivileged, microfinance intends to provide loans, savings and additional packages within the range of the abject poor who are denied loans by the conventional banks because of inadequate collateral or inaccessibility to the banks (Newman, Schwarz & Ahlostrom, 2017). Most entrepreneurs turn to microfinance companies for loans to pursue their business operations. Even though numerous studies have been carried out on the impact of microfinance on its beneficiaries, more investigations are required to be conducted because the systems of microfinance and its delivery keep on undergoing rapid transformations and expansions (Hamada, 2010); hence the need for a qualitative study to be conducted to investigate the financial challenges faced by small-scale entrepreneurs who resort to loans from microfinance institutions in Ghana.

2.0 Literature Review

2.1 Theoretical Orientation

This study was guided by the theoretical framework of the Microfinance Promise Model which was developed by Gulli (1998) and supported by Ashfaq (2016) and Field, Holland & Pande (2014, 2016). The welfarist assumption of microfinance delivery was propounded by Yunus (1999) and supported by Khan, Shaorong & Ullah (2017) and the institutionist assumption of microfinance delivery was propounded by Woller, Dunford & Woodworth (1999a) and supported by Ofeh & Jeanne (2017). The Microfinance Promise Model of Gulli (1998) outlines the potentials inherent in microfinance. Both the welfarists' and the institutionists' ideologies provide the modes of delivery of microfinance services to the clients.

Microfinance is a universal term used to describe all financial services that are provided by Microfinance Institutions to their clients. It refers to a term used to explain the delivery of a wide variety of financial services, namely: deposits, money transfers, payment services and insurance to underprivileged and little-income earners and their micro businesses (Olanike & Adebola, 2014; Sharma, 2013; Zuru, Hashim & Arshad, 2016).

2.2. Theoretical Framework

The Microfinance Promise Model of Gulli (1998), supported by Ashfaq (2016) and Field, Holland & Pande (2014, 2016), states that household labour, which is an indispensable resource, becomes unproductive due to diverse constraints, including liquidity constraints. Many governments and donor communities trust that liquidity constraint is the most crucial constraint obstructing the poor households, and that if it is tackled, it will be possible for households to escape poverty. Economists contend that to break the vicious cycle of poverty, there must be an external force that will intervene at some point of the cycle to improve demand for goods and services. This could be done by injecting some liquidity that is believed to unleash the productivity of household labour. Microfinance promises not only to break the vicious chain of poverty by injecting liquidity into the vicious chain, but it promises to initiate entirely a novel cycle of virtuous spirals of self-enforcing economic empowerment that leads to improved household well-being.

2.3 The Two Main Schools of Thought on Microfinance Delivery

Two main ideologies have gained popularity in literature about the operations of the concept of microfinance. These are welfarists' assumption, also called the direct approach and the institutionists' assumption, also called the financial market approach (Morduch, 1999). These two schools of thought have battled over the years to determine the proper modus operandi for the provision of financial services to entrepreneurs. The matters concerning the suitable mode of providing financial services to small-scale entrepreneurs has bred a fierce argument between these two schools of thought (Berguiga & Adair, 2015). The two main schools of thought hold opposing views about the concept of the modalities surrounding the delivery of microfinance to clients. Whilst the welfarists argue that the functions of microfinance institutions should be regarded purely as forms of social intervention, the institutionists insist that their functions should be deemed completely as commercial activities.

In spite of the contention between the two schools of thought, microfinance was revered for being a device for lessening poverty. The year 2005 was commemorated as the year of microfinance by the United Nations, and this was the time the institutionists' approach of microfinance received a global recognition as compared to the welfarists' approach (Rajdev & Bhatt, 2013). Not long, the accolade received by microfinance during that time became questionable. After a few years of its growth phase, the neoliberal microfinance industry experienced disaster in majority of the countries and misgivings were mentioned in literature concerning its sustainability (Rajdev & Bhatt, 2013). This led to the announcement of the demise of microfinance by some scholars. It was over with microfinance and challenges of imprudence and high methodical risk were identified in the microfinance sector (Rajdev & Bhatt, 2013).

Cliffhanger occurs between the two schools of thought when the welfarists accept that the so-called self-sufficiency can only be attained conditionally. The theory of self-sufficiency of the institutionists may become an illusion until one recognizes that there seems to be a compromise between self-sufficiency and targeting (Dziwornu & Anagba, 2018). The most successful MFIs are those who embrace and blend both welfarists' and institutionists' ideologies in the pursuit of microfinance goals. Most MFIs which have demonstrated self-sufficiency have the tendency to provide microloans for borrowers who are either a little above or underneath the poverty line in their individual economies (Lensink, Mersland, Vu & Zamore, 2018). These MFIs are capable of achieving cost reduction by granting larger loans to the somewhat poor. Although it appears, at a point in time, that the welfarists have tried to, in a way, reason with the institutionists by stating the condition under which their prophecy of self-sufficiency may hold, both schools of thought are entrenched in their economic philosophies. Irrespective of inadequate evidence, experienced consultants on either side of the argument hold on to their assumptions strongly (Dziwornu & Anagba, 2018). Despite the differences in their opinions, the two opposing schools of thought share one fundamental goal – outreach. Thus, they both have the desire to alleviate poverty by satisfying the financial needs of poor people who have been ignored by the conventional financial institutions (Eyisi, 2016).

2.3.1. Welfarists' Perspectives on Microfinance

The welfarists' approach focuses on the demand side, which is to say, on the well-being of the beneficiaries. The supporters of this approach espouse the idea of subsidizing microfinance programmes so as to cut down the cost for the microfinance institutions so that they can offer soft interest rates on their loans (Cull, Demirgüç-Kunt & Morduch, 2017; Khan et al., 2015, 2017). This school of thought believes in the permanence of subsidies. Subsidies, in reality, are still crucial in microfinance, even for earlier institutions in the form of equity funds and inexpensive capital instead of straightforward gifts (Cull et al., 2017).

The welfarists are much concerned about the long-term sustainability of the services of the MFIs and have the surety that it can be attained for greater outreach. There is a positive correlation between sustainability and outreach of MFIs (Awaworyi & Marr, 2014). The welfarists vehemently decried the view of the institutionists regarding financial self-support of MFIs. They contended that MFIs could accomplish sustainability without the institutionists' definition of self-sufficiency (Awaworyi & Marr, 2014; Banerjee & Jackson, 2016). This implies that the welfarists do not acknowledge the involvement of venture capitalists in the pursuance of the social goals for which microfinance has been instituted. The fundamental goals of microfinance include poverty alleviation, empowerment of the poor and support for the start-up of self-employment ventures (Cull & Morduch, 2017; Banerjee & Jackson, 2016). The welfarists believe in donor-funded type of microfinance. They suggest that gifts, for instance, subsidies from donors serve as a form of equity, and in line with that the donors can be regarded as investors or shareholders (Banerjee & Jackson, 2016). These gifts and donations are donated by philanthropists. These benefactors are not like the capitalist investors who purchase equity in publicly traded firms; hence these donors do not anticipate earning monetary returns on their investment (Awaworyi & Marr, 2014; Chikwira, Vengesai, & Mandude, 2022). Instead of having pecuniary interest, these donor-investors realise an inherent satisfaction from their investments in microfinance. These donors are comparable to equity investors who commit their financial resources to socially responsible funds, even if the anticipated risk-adjusted return of the socially responsible fund is less than that of an indexed fund (Awaworyi & Marr, 2014; Chikwira, Vengesai, & Mandude, 2022). The socially-responsible fund investors are only interested in seeing the underprivileged in society come out of their predicament. They are willing to receive a lower economic expected return in that they also accept the intrinsic return of not committing their funds to firms that they find odious.

The welfarists believe that the metrics or indicators for measuring the success of microfinance are household-based. The performance of the microfinance institutions is measured through household studies with focus on the living standards of beneficiaries: number of savings accounts operated, number of loans contracted, productivity improvement, increased incomes, capital buildup, access to social services such as education and health in addition to food expenses (Harish, 2014; Khan et al., 2017; Kumra & Sharma, 2018; Maleko et al, 2013; Okibo & Makanga, 2014; Rao & Priyadarshini, 2013).

Depth of microfinance is another metric used to measure its effectiveness. Whilst the institutionist supporters lay emphasis on the extensiveness of scope, the welfarists' viewpoints concentrate on the deepness of scope and encourage procedures that empower microfinance institutions to attend to the abject poor, usually quoted as the fundamental target of the microfinance crusade (Khan et al., 2017; Kumra & Sharma, 2018; Okibo & Makanga, 2014). The welfarists' argument considers microfinance services as a form of social intervention that has the potential to alleviate economic hardship; hence the main objective of introducing the concept of microfinance was to eliminate poverty. However, many academics believe that the concept of microfinance has departed from its initial focus of poverty alleviation. In spite of the zeal with which microfinance was introduced, many researchers contend that microfinance has gone astray, moving away from the recognised social goal of getting rid of economic hardship in support of income generation for microfinance institutions (Hulme & Maitrot 2014). Moreover, the poor, for whom the concept of microfinance has been designed, has been relegated to the background due to the fact that microfinance been commercialised. For pecuniary reasons, the poor has been driven out of the microfinance concept (Hulme & Maitrot 2014; Chikwira et al., 2022). For that matter, the institutionists' ideologies have taken over the microfinance industry. Undoubtedly, there is available proof that the beliefs of institutionists have overshadowed the welfarists and championed the sermon of microfinance (Kumra & Sharma, 2018; Yunus, 2016). Perhaps, the dominance of the institutionists' viewpoints was the result of the frequency of trumpeting their beliefs. Undoubtedly, it has been contended that the main thrust behind the upper hand of the institutionists' approach is that it implicitly advocates neoliberalism, and by this reinforces the concept of globalisation of neoliberalism (Ahlstrom & Ding, 2014; Kumra & Sharma, 2018).

2.3.2. Institutionists' Perspectives on Microfinance

The commercialised perspective of microfinance looks at microfinance as a tool for financial expansion. The institutionists contend that the main function of microfinance is 'financial extension' that has the ability to offer financial services to the numerous underprivileged households in a maintained manner (Khavul, Chavez & Bruton, 2013; Rajdev & Bhatt, 2013). The ideology of the institutionists is skewed towards the supply side of microfinance. They contest that the financial soundness of MFIs is of the maximum concern (Ault & Spicer, 2014); hence getting access to a greater asset base to fund their operations for the benefit of the many abject poor is preferred to counting on donors (Ngo, 2015; Rajdev & Bhatt, 2015).

The institutionists also argue that the quality of performance of microfinance institutions is based on their financial achievements. Therefore, superior systems of regulation and supervision are connected with low outreach to poorer clientele (as portrayed in bigger average loan amounts) but stronger financial accomplishments for profit-oriented microfinance institutions who foot the bill of effective regulation of clients (Cull et al., 2014; Khavul et al., 2013; Rajdev & Bhatt, 2013). In order to achieve this financial strength, MFIs have charged clients higher interest rates. But the fact is that the greater interest rate charged implies low access to microloans and the lower interest rate charged implies greater access to credit (Kasali, Ahmad & Lim, 2015).

The sustainability of MFIs is the main concern of the institutionists. The institutionist scholars of microfinance contend that an MFI should be able to cover its costs of operations, especially the cost of time spent in contacting the underprivileged of thinly inhabited areas (Cull et al., 2014; Khavul et al., 2013; Rajdev & Bhatt, 2013), with its revenues and earn profit in that access to microfinance should not benevolent at all times; hence the commercialisation of microfinance services (Khan et al., 2017; Khavul et al., 2013; Rajdev & Bhatt, 2013). This has led to the proliferation of MFIs. This ideology has been confirmed by the upsurge in the number of profit-oriented financial organisations in reaction to the attraction of the great ability of microfinance, a more different series of assumptions and philosophical viewpoints started to permeate the industry (Khan et al., 2017). This school of thought believes that economic independence of the poor promotes better poverty eradication. Institutionists opine that self-reliance leads to protracted practicability for MFIs, which will expedite more poverty alleviation in the long-term (Kumra & Sharma, 2018). They confirm that the microfinance industry has been swallowed by the influx of the institutionist-oriented MFIs. The whole microfinance market is engulfed by an institutionists' standard, which has endangered the system and unearthed fresh difficulties of sustainability and clarity in its procedure (Ault & Spicer, 2014). The belief of the institutionists is concomitant to some historical situations in Europe. The microfinance institutional designs operated in Germany, Italy and United Kingdom facilitated efficiency and sustainability in the 19th century microloan funds (Cull et al., 2014). The institutionists hold the view of venture capitalism. A lot of the bigger and more contemporary microfinance industry players have in common a programme which is premised on the capitalist explanation of economic development (Yunus, 2016). The recent microfinance industry participants regard microfinance as a profit-making device.

However, the profit motive of the MFIs results in high interest rates. The business expectations for microfinance are contingent on increasing interest rates on loans to levels that are usually considered greater than the rates charged to (better-off) customers of conventional banks (Yunus, 2016). This situation has created a lot of anxiety in the microfinance industry. A large number of people in the industry are afraid that the profit objective of microfinance is motivating irresponsible credit provision (Rajdev & Bhatt, 2013). The excessive lending and excessive borrowing has resulted in microfinance crises in some countries. Cambodia, Bangladesh, Bolivia and Bosnia have experienced the microfinance crises, endangered borrowers' livelihoods and added considerable costs to already-laden lives (Guérin et al., 2015).

Undoubtedly, commercialised microfinance is, slowly but surely, leaving behind its uniqueness by dodging its innovative social assistance duty (Khan et al., 2017; Yunus, 2016); hence limiting its outreach (Cull et al., 2014). In spite of its loss of focus, the institutionists still hold on to their belief that microfinance remains instrumental in leveraging the economic level of poor households. Therefore, microfinance has been deemed as the ideal tool for these latest participants to upgrade the economic status of the poor and produce a return, with the advantage of enhancing the repute of a firm for its loyalty to Corporate and Social Responsibility (Khan et al., 2017; Khavul et al., 2013; Rajdev & Bhatt, 2013).

Microfinance is repeatedly proclaimed as the all-inclusive ultimate panacea to the relief of economic hardship. In Bangladesh, microfinance is envisioned as the all-embracing tactic for economic progress, bringing into fruition results such as enablement of women, financial leverage, poverty alleviation and total economic improvement (Khan et al., 2017; Kumra & Sharma, 2018; Okibo & Makanga, 2014; Chikwira et al., 2022). This system of credit provision engenders economic independence on the part of business persons. This arrangement of financial transactions is, time and again, termed as conduit to economic autonomy via entrepreneurship and as a case in point of the realisation of market-oriented options to welfare state-owned packages (Chikwira et al., 2022). The institutionist researchers believe that commercialisation of microfinance engenders economic revolution. The commercial microfinance institutions are credited with job creation, expansion in consumption and shift in attitude, entrepreneurship and commerce (Rajdev & Bhatt, 2013). The institutionists allege that financial sustainability comes in different forms. It is true that financial sustainability does not emanate absolutely from business turnover but through extra gains, for instance, commitment of financial resources to microfinance will be able to equip huge financial institutions the prospect for less risky portfolio divergence in unpredictable economic periods (Chikwira et al., 2022).

The institutionists hold the view that microfinance toughens entrepreneurs against volatile economies. This has been vindicated by dotted instances from the formal economies of their countries, that the self-employed poor are irrepressible in times of economic recession (Cull et al., 2014; Khavul et al., 2013; Rajdev & Bhatt, 2013). This implies that entrepreneurs who utilise microfinance services are, in a way, galvanised against economic crisis. This has been buttressed by the fact that the disaster of certainty has underscored the excellent credit risk most customers of microfinance turn out to be (Cull et al., 2014). They also drew attention to the fact that microfinance could be a lucrative business. Indeed, microfinance might be a positive site, in times to come, in the banking sector (Rosenberg, Gaul, Ford & Tomilova, 2013). They have argued that for poverty to be eradicated, microfinance is required to conduct a swoop on a huge number of deprived households. It has been noted that poverty reduction needs a huge amount of financial resources far more than the quantum supplied by NGOs and philanthropist (Rosenberg et al., 2013). They are also of the view that an increase in business turnover can provide funds for the launch of a large scale attack on poverty. Therefore, microfinance companies that produce the maximum profit for investors entice the greatest amount of funds needed for business expansion and servicing of more customers, which results in the reduction of the highest poverty (Rosenberg et al., 2013). They believe that measuring the success of microfinance from the perspective of MFI is the best; hence the performance of the microfinance companies are evaluated by their advancement towards financial independence while the constructive effect is on the clientele is taken for granted. Because the poor are clever, now and again, cleverer than their lenders; therefore, if the MFI provides the leeway to the debtor that it is unprincipled, the debtor will exploit the MFI someday, in default (Cull et al., 2014). This prediction was very accurate in nature. The pronouncement of borrower default came into fruition for the microfinance industry (Rosenberg et al., 2013; Rajdev & Bhatt, 2013). This has been empirically evidenced in some countries. The normal percentage of credit portfolios for which monthly repayment failed increased from 2% in 2008 to 8% in 2009 (Rosenberg et al., 2013), and in Pakistan, microfinance was devastated by recalcitrant groups who declined in repayment of their loans in the latter part of 2008 in the province of Punjab (Rosenberg et al., 2013). Neoliberalism could be cited for the inefficiency in the performance of the MFIs involved. Chief among the dynamics responsible for the mal-performance of the MFIs were concerted market rivalry and manifold borrowing (Chikwira et al., 2022).

The institutionists are averse to subsidisation. Institutionists criticised and blamed the failure of MFIs on the socialist view of the microfinance progammes. They denounced subsidisation because it brought about high outstanding rates and costs of transactions, which caused the collapse of many microfinance schemes (Dziwornu & Anagba, 2018). But the MFIs are required to devise ways of dealing with their cost through their revenues. Therefore, the proper method of reaching out to most of the poor small-scale entrepreneurs is to incorporate microfinance into the conventional financial arrangement (Berguiga & Adair, 2015). They vehemently disagree with the welfarists' assumption of microfinance being a social intervention instrument. The institutionists profess that it is not admissible for MFIs to be funded on humanitarian grounds, and that the subventions result in an unproductive distribution of the monetary resources (Dziwornu & Anagba, 2018). The financial experts who support institutionists' opinion highly challenge the socialist assumption of the welfarists on the basis of inaccuracy. The economic specialists of the institutionist perspective accuse the welfarists of making invalid hypothesis when they claim that the repayment interest rate needs to be cut down in that customers are not creditworthy and are incapable of saving, and that commercial banks could not endure operating in low socio-economic neighbourhoods due to increased cost of providing financial services to deprived households (Dziwornu & Anagba, 2018).

The shutdown of several MFIs occurred due to the invalid assumptions of welfarists, which required investigation into the dynamics that control the viability of MFIs. An exhaustive analysis of the balance between self-sufficiency and profundity of outreach discovered a move from subvention of MFIs to emphasis on financial sustainability and effectiveness of the institutions in addition to an inverse correlation between outreach and efficiency of MFIs (Rosenberg et al., 2013). Loan balance, as a measure of the deepness of outreach, was adopted. It was observed that MFIs that recorded worse average loan balance were inefficient (Berguiga & Adair, 2015; Rajdev & Bhatt, 2013). It had been established that a number of dynamics are involved in the determination of the sustainability of MFIs. In order of importance, an excellent credit portfolio, adoption of suitable interest rate and effective control of workforce expenditure by management are the prerequisites for the financial sustainability of MFIs (Berguiga & Adair, 2015; Rajdev & Bhatt, 2013).

It was noted that leverage plays key roles in the financial performance of MFIs. An upsurge in leverage boosts profit efficiency in MFIs whilst cost efficiency declines with fall in leverage; so it is that leverage and profundity of outreach are inversely related (Khavul et al., 2013).

3.0. Methodology and Data

3.1. Research Questions

The study was guided by six research questions. These consisted of one major research question and five sub-questions. The major research question was focused on financial challenges facing small-scale entrepreneurs, which was further split into five minor research questions.

R1. What are the financial challenges faced by small-scale entrepreneurs who use funds from microfinance institutions for their business?

- R1a. What are the financial constraints of small-scale entrepreneurs during the startup phase of their businesses?
- R1b. What are the constraints faced by small-scale entrepreneurs during the application stage of accessing credit from microfinance institutions?
- R1c. What are the constraints of small-scale entrepreneurs during the repayment stage of funds from microfinance institutions?
- R1d. What are the constraints faced by small-scale entrepreneurs in the collection of debts from their clients?
- R1e. What are the constraints faced by small-scale entrepreneurs in the payment of suppliers?

3.2. Population and Sampling Strategy

The population of the study included all the registered 96 micro and small-scale entrepreneurs who had contracted loans from microfinance institutions for their business operations in the La-Nkwantanang-Madina Municipality of the Greater Accra Region of Ghana. Population is the complete set of individuals who possess mutual noticeable features which are of interest to the researcher for a study (Lavrakas, 2008). This class of entities may be human beings or inanimate objects. Homogeneity of participants paved the way for a deeper account of the target population's knowledge than a heterogeneous sample could offer (Padilla-Diaz, 2015). The criterion for the inclusion of an individual in a survey was based on the attributes of participants who were qualified to partake in the survey. The main characteristics of the participants who participated in the research included:

1. Participant's enterprise must be located in the La-Nkwantanang-Madina Municipality.
2. Participant must be a small-scale entrepreneur.
3. Participant must have operated for at least one year.
4. Participant must have registered with the La-Nkwantanang-Madina Municipal Assembly.
5. Participant must be paying tax to the La-Nkwantanang-Madina Municipal Assembly.

Purposeful sampling method was used for this research. The purposeful sampling technique is concerned with ascertaining and picking persons or bodies that are particularly well-informed about a phenomenon of relevance (Bryant, 2018; Flynn & Korcuska, 2018; Hall et al., 2018; Palinkas, Hortwitz & Hoagwood, 2015). Understanding the research problem and the research questions by participants underpinned the success of the qualitative research. The main objective of the qualitative research was to purposefully decide on participants who would help to comprehend the research problem and the research questions (Palinkas, 2014; Duan et al., 2015; Green, Duan, Gibbons, & Hoagwood, 2015; Duan, Bhaumik, Palinkas, & Hoagwood, 2015). A sample of sixteen (16) participants participated in the research. A qualitative research required less than twenty participants so that the researcher could develop and keep a close rapport with participants for open and frank conversation (King et al., 2018; Mann, 2016; Thorne, 2016). The researchers utilised the purposeful sampling technique to make sure that participants had the ability to disclose personal experience of the phenomenon.

3.3. Research Instrument

An interview guide was adopted for the interviews. The researcher used the interview guide in a manner that made it possible for the interviewee to delve into areas that were not originally covered in the list of questions (Gajaweera & Johnson, 2015). The interview guide questions provided profound information for the researcher. The open-ended questions supported the researcher to enquire into areas that were of special interest and could induce vivid information that might have been overlooked using a more structured approach (Asantewa, 2015).

The open-ended interview guide was pilot-tested on five entrepreneurs in Madina Estates, a suburb of the La-Nkwantanang-Madina Municipality. The pilot-study was done so as to reduce the number of unexpected problems because there was an opportunity to redesign parts to overcome difficulties that the pilot study revealed.

3.4. Data Analysis Methods

The five-step approach modelled by Taylor-Powell & Renner (2003), which included:

1. Get to know data: This involves reading and re-reading the text to understand it and ensure its quality before the analysis.
2. Focus the analysis: This involves a review of the purpose of the evaluation and could be done in two ways by focusing through question, topic or time period or focusing by case, individual or group.
3. Categorise the information: This involves identifying themes or patterns of the narrative and organising them into coherent categories.
4. Identify patterns and connections within and between categories: This involved mainly assessing how issues related to each other and what relevant data supported the relationships found. Axial coding was used for the current study because the main themes coined from the research questions were further broken down into sub-themes (Gibbs, 2007).
5. Interpret and bring it all together: This involves using the themes, connections and relationships to explain the findings of the research.

Codes, instead of individual names, were used to safeguard the identity and the rights of participants. Because of the fact that qualitative study is interpretive in character and engages the researcher in a continuous and thorough familiarity with the participants, qualitative research presents a variety of strategic, ethical and private matters into the research (Palinkas et al., 2015). The sixteen (16) small-scale entrepreneurial participants were assigned SSR 1, SSR 2, SSR 3…SSR 16.

4.0. Results

Table 1: Description of Participants' Background Information

Code	Gender	Age	Marital status	Highest Level of Education	Industry
SSR 1	Male	33	Married	First Degree	Printing and Publishing
SSR 2	Female	36	Married	Senior High School	Restaurant
SSR 3	Male	5	Married	Master's Degree	Printing and Publishing
SSR 4	Male	34	Married	Master's Degree	Printing and Publishing
SSR 5	Male	45	Married	Post-Secondary	Restaurant
SSR 6	Female	56	Married	Junior High School	Restaurant
SSR 7	Female	42	Married	Senior High School	Restaurant
SSR 8	Male	45	Married	Master's Degree	Restaurant
SSR 9	Female	43	Married	Junior High School	Fish Preservation
SSR10	Female	50	Married	Junior High School	Restaurant
SSR11	Female	43	Divorced	Primary School	Restaurant
SSR12	Female	46	Married	None	Restaurant
SSR14	Male	47	Married	First Degree	Bakery
SSR15	Female	40	Married	Junior High School	Restaurant
SSR16	Female	40	Married	Junior High School	Restaurant

Table 2: Age Distribution of Participants

Age Range	Frequency	Percent
31-35 years	2	12.50
36-40 years	3	18.75
41-45 years	5	31.25
46-50 years	3	18.75
51 years and above	3	18.75
Total	16	100.00

Table 3: Gender of Participants

Gender	Frequency	Percentage
Male	6	37.50
Female	10	62.50
Total	16	100.00

Table 4: Marital Status of Participants

Status	Frequency	Percentage
Married	13	81.25
Divorced/Separated	1	6.25
Widow	1	6.25
Others	1	6.25
Total	16	100.00

Table 5: Educational Background of Participants

Level	Frequency	Percentage
Illiterate	1	6.25
Primary	1	6.25
Junior High School	6	37.75
Senior High School	2	12.50
Post-Secondary	1	6.25
Tertiary	5	31.25

Table 6: Small-Scale Industries of Participants

Industry	Frequency	Percentage
Bakery	2	12.50
Fish Preservation	1	6.25
Printing and Publishing	3	18.75
Restaurant	10	62.50
Total	16	100.00

4.1. Details of Analysis and Results

Theme 1: Challenges of Capital Drainage

The first theme, challenges of capital drainage, reflected the magnitude of participants' experiences of financial challenges and factors responsible for them. All participants claimed to have had countless financial difficulties. Participants outlined reasons for which they needed money. Majority of participants mentioned startup financial difficulties, inadequate money for the purchase of inputs and wages and insufficient funds for business expansion. Majority of participants blamed cash withdrawals for family upkeep for drainage in their working capital. While all participants had ever borrowed from MFIs, some of them sometimes resorted to borrowing from relatives, friends and credit purchases.

(SSR 7) I face numerous financial challenges: insufficient funds for utility bills, wages and input purchases. The financial challenges were too burdensome. I had to borrow funds from an MFI to leverage the business. The above constraints coerced me to contract the microloan.

(SSR 14) I have had many financial challenges. I needed money to buy inputs and vehicles for the entire business. My main constraint at startup was capital. I started my business with only two kilograms of flour and few petty ingredients. Later, an acquaintance introduced me to a flour merchant for credit purchase. The merchant gave a few bags of flour on credit. I promised to pay him in a fortnight but demand for my bread turned out to be low. I had to borrow from friends to pay for credit purchase.

Almost all participants encountered financial challenges in their ventures. They needed capital for business startup and operations. Many of them borrowed from relatives, acquaintances and MFIs. A few of them started their ventures with limited capital saved from menial jobs they undertook.

(1a). Constraints of excessive cash withdrawal from business. Participants reported that cash drawings influenced their operating capital in so many ways. Some participants described drawing out for their children's school fees as the main cause of working capital depletion. This resulted in their failure to pay their workers and buy materials for production. Some participants blamed their financial challenges on reduced demand and parental responsibility. SSR 5 and SSR 9 vividly described the effects of cash withdrawal from their ventures.

(SSR 5) I face many challenges. Low patronage of my products causes my financial challenges. I withdraw money from the business for my children's school fees. I do not have enough money to pay my workers and to buy inputs.

(SSR 9) I suffer many financial challenges. I do not have money to buy inputs and pay my workers. My capital reduces through drawings for my children's school fees. Lack of pans, oils, ladle, bowls and cooking energy coerced me to contract the loan from the MFI.

Inadequate working capital issues emanated from high levels of cash withdrawal from business. The drawings were done for the upkeep of their families – for food, health and education. For the reasons of going concern, participants had to resort to borrowing from MFIs and other sources to augment their working capital.

(1b). Constraints of input purchase capital. Majority of the participants described the aspects of their businesses which required financial leverage. Participants isolated inputs as the major components which needed most funds. While some participants just mentioned 'inputs', others itemised the inputs. For that matter they had to borrow from MFIs to augment their working capital or contract credit purchases for production.

(SSR 6) I face many financial challenges: I do not have capital for purchasing inputs. I go the marketplace to buy materials on daily basis due to inadequacy of capital. For this reason, I contracted a loan from an MFI. The amount I took from the MFI was enough for my business.

(SSR 7) I face numerous financial challenges: insufficient funds for utility bills, wages and input purchases. The financial challenges were too burdensome. I had to borrow funds from an MFI to leverage the business. The above constraints coerced me to contract the microloan. I had already acquired space and furniture for the business. My greatest problem was inadequate operating capital.

Depletion of working capital was a recurrent issue. Cash withdrawal for household expenditure had a great toll on the day-to-day operations of their businesses. Participants injected funds into the operations of their ventures through credit purchases and microloans.

(1c). Constraints of business expansion capital. Some participants had in mind the long-term survival of their business, which was being thwarted by financial challenges. Some described vividly that they needed to bring their businesses back on track to become more vibrant or modernise their business. Participants had to contact MFIs for loans for the expansion of their ventures.

(SSR 1) The cumbersome nature of accessing credit from financial institutions is my main financial challenge. I had to contract microloan from two MFIs for the purpose of revamping my business – to purchase the state-of-the-art machines in order to boost my printing business.

(SSR 12) I face financial challenges a lot. I need money to revamp my business. Things seem upside down because I have drawn out money from the business for my children's school fees.

Participants who started business with smaller capital had task of seeking more capital for expansion. Many of them had to borrow from MFIs and relations in order to acquire more assets for business development and expansion.

Theme 2: Constraints of Business Start-up Capital

Majority of the participants described from their experiences how they started their ventures with a lot of financial constraints. They outlined the various sources of funds for the start of their businesses. Majority of them borrowed from MFIs while a few of them resorted to borrowing from friends and relatives. Others resorted to credit purchases. Some participants had these to say about their business startup financial constraint and how they resolved them:

(SSR 11) I started the business with my own savings – I did not use loans to stat it. I started the business well. But in order to expand and grow my business, I approached an MFI to obtain a loan.

(SSR 14) My main constraint at startup was capital. I started my business with only two kilograms of flour and few petty ingredients. Later, an acquaintance introduced me to a flour merchant for credit purchase. The merchant gave a few bags of flour on credit.

However, few participants expressed different views on the startup capital challenges other participants claimed to have suffered. SSR 8 and SSR 12 had this to say:

(SSR 8) I have financial challenges but it is easy for me to get funds to start up my business. I do not have difficulty with obtaining funds. I am a public servant. I saved toward the startup of the business. I sold my new car and used my pay slip for collateral. Initially, I started looking for funding from an MFI.

(SSR 12) I started the business with my own capital – I did not face any financial constraints in the startup. The drawings I made from the business for my children's school fees nearly collapsed my business.

Participants who identified viable business gaps were desperate for funds. The resilient ones had to toil and save towards the commencement of their ventures on a smaller note. Such participants used all available means to obtain funds for the continuity of their businesses.

(2a). Meagre business startup capital. Most participants claimed business startup was a difficult task for them financially because startup was a capital intensive issue. Some participants alleged that although their start-up capital was relatively scanty for the takeoff of their ventures, they had to begin from somewhere with the little savings they made. Participant accumulated their savings from some menial jobs they undertook. SSR 16 was explicit on the source of her savings and said this:

(SSR 16) I did menial jobs and saved to start the business. I could not get capital from any other source apart from my savings.

Majority of participants described the generality of their business startup from the insufficient savings they made from their toil:

(SSR 2) My start-up capital was small so I could not buy furniture for serving clients.

(SSR 5) The start-up capital of my business was from my own resources through savings. I did not borrow money start up.

While majority of participants lamented over how they had to toil to save insufficiently to start their ventures, these were what others said:

(SSR 11) I started the business with my own savings – I did not use loans to start it. I started the business well.

(SSR 12) I started the business with my own capital – I did not face any financial constraints in the startup.

The scanty startup capital resulted in numerous inadequacies. The meagre capital was used to acquire fixed assets at the expense of working capital. Working capital became an albatross on participants who started with little capital.

(2b). Constraints of leverage for business startup. Majority of participants admitted that there was the need to invigorate financially and expand their businesses to stand the test of time. Majority of participants reported that they had to contract microloans from MFIs to boost their start-up capital because they did not have any other source of finance. SSR 7 reported that her business began booming so there was the need to expand it to produce more products for more revenue. This was how she presented it:

(SSR 7) Relatively, the business started picking up and there was the need for expansion. So I approached an MFI for credit.

Other participants also presented their experiences this way:

(SSR 1) I had to borrow funds from MFIs because the start-up capital I borrowed from friends and sympathisers could not leverage my business to the expected level.

Some participants, instead of resorting to MFIs to contract loans for capital leverage, decided to contact friends and relatives for financial support for the startup of their businesses. These were what they said about their borrowings from friends and relatives:

(SSR 3) I had to borrow funds from an acquaintance, who agreed to share in the profit of my business, to supplement my own capital in order to start the business.

(SSR 10) My husband supplemented my start-up capital with a large sum of money, which I used to purchase inputs in bulk. I did not pay him back – it became a sunk cost.

In spite of the various financial supports majority of the participants claimed they received from friends, relatives or MFIs, a few of them contended that they did not receive any external financial support. They depended on self-generated funds to start up their ventures. These were how they described their self-financial leverage:

(SSR 11) I started the business with my own savings – I did not use loans to start it. I started the business well.

(SSR 12) I started the business with my own capital – I did not face any financial constraints in the startup.

The need for more working capital arose from unexpected demand for participants' products and services. A handful of them claimed they satisfied the unexpected demand through plough back of their profits while others had to borrow funds to do so.

Theme 3: Requirements for Accessing Loans

All participants described the method MFIs used to secure the microloans. Participants reported that MFIs' requirements for microloans were collateral and guarantee. Some participants affirmed that neither the collateral requirement nor the guarantee prevented from accessing the loan because it was a necessary evil. Participants SSR 6 and SSR 7 described the generality and desirability of the loan security requirements.

(SSR 6) Nothing prevented me from contracting the loan. Their high interest rate did not scare me. The request for collateral and guarantor did not frighten me. I satisfied both requirements for the loan.

(SSR 7) I was very anxious to obtain the funds for the business. Due to my financial anxiety, I did not bother about any obstacles from the MFI. However, terms and conditions of the loan were relatively flexible. Officials of the MFI came to inspect my residence for collateral purposes.

Request for loan security, through guarantors and collaterals, was prevalent in the microfinance industry. Desperate participants glossed over the repercussions of default in repayment and went ahead to nominate guarantors and collaterals for smooth acquisition of loans for the operations of their businesses.

(3a). Stringent loan security measures. All participants dispassionately described the items that MFIs required of them to secure their loans. They described as cumbersome and infuriating the nature of collateral and guarantor requirements. Some also described the elements of the loan security measures as intimidating, frustrating and impediments to smooth loan acquisition. Participants expressed their concerns about the provision of loan security passionately:

(SSR 8) Initially, I started looking for funding from an MFI. The officials of the MFI requested for guarantor and collateral. The MFI directed me to transfer the title of ownership of my car, house and land documents into its name prior to granting the loan. They claimed ownership of the property would be reversed to me after I had finished with the loan repayment. These requirements scared and prevented me from accessing the loan. I overcame my financial challenges by converting my salon car to cash and contracting a salary-backed loan from a commercial bank. The proceeds from the sale of my car and the salary-backed loan were inadequate so I approached an MFI with soft terms and conditions for the difference. I even borrowed from an MFI for rebuilding the shop and operating the business. The terms and conditions of the first one I approached were harsh. I, therefore, left for an alternative MFI, where I borrowed for rebuilding the shop and operating the business. My wife and my boss guaranteed for me. Collateral was a hindrance but I overcame with my pay slip.

(SSR 14) I thought it prudent to contract a loan from an MFI to avoid disgrace through credit purchase. I approached the MFI officials. They requested for collateral and guarantor. They visited my residence, which doubled as the shop – my father's house. The officials of the MFI changed the ownership of my car into the MFI's name in the form of collateral. They took inventory of everything in the house and shop. They emphasised that I would pay penalties for any default in repayment – even if I failed repayment for an hour, I would pay its commensurable penalty. Collateral and guarantor paved the way for the acquisition of the loan.

It became obvious that majority of the participants had to fall on their relatives and friends to provide guarantees for their microloans.

(SS 7) My husband provided guarantee for me.

(SSR 9) My mother guaranteed for the loan for me.

Many participants struggled to produce their loan security requirements so as to access the loans. Some of the MFIs transferred the titles of collateral into their names prior to granting the loans to their clients. Reversal of title was done upon completion of repayment. Once both requirements (collateral and guarantor) were met, participants were granted their loans for their businesses.

(3b). Interest rates galore. Majority of the participants bemoaned the exorbitant interest charged by the MFIs. They were quick to describe MFI loans as necessary evils – all because they had no other source of credit. They claimed that the MFIs were insensitive to the high interest rates.

(SSR 16) The interest rate was very high (50% per annum) but because there was no other alternative, I had to contract the loan from the MFI in question. In fact, the interest rate frightened me.

(SSR 2) The interest was high but it was manageable. The MFI officials vowed to use force to retrieve their money if I failed to repay willingly on time. Nothing prevented me from funds borrowing from the MFI.

Although majority of participants reported of exorbitant interest rates in general, some of them described the interest rates of a few MFIs as moderate and flexible.

(SSR 3) The loan was amortised at 21.5% per annum.

(SSR 9) The interest rates of MFIs vary – some are soft.

Interest rates offered by MFIs were considered astronomical. The interest rates charged were between 21.5% and 50% per annum. Participants bemoaned the exorbitant interest rates of MFIs relative to the interest rates charged by the orthodox banks.

Theme 4: Issues in Repayment of Loans

In spite of the perceived high interest rates, majority of participants reported that loan repayment was an easy task for them. They paid back both principal and interest. Their default rate was very low. A few of them had described their loan repayment experiences:

(SSR 1) I paid back both principal and interest from the proceeds of my business and nothing prevented me from repayment. I repaid the loan punctually, which resulted in higher credibility and creditworthiness for me.

(SSR 8) I repaid the loan promptly because it was deducted from my salary at source. For any delay in repayment, I was made to pay a marginal penalty interest.

(SSR 13) I was asked to pay back the loan in an installment of GH₵ 700 per month for seven months. This would amount to GH₵4,900 for both principal and interest payments. I have been paying the loan promptly. I have not defaulted yet. I pay from the proceeds of the business. I send the installment payments to their office myself. I have paid for four consecutive months already, I hope to finish well.

Some participant who paid promptly described their ability to pay on time as a difficult task. Although they paid punctually, the repayment created financial vacuum in their ventures.

(SSR 4) I paid back on time but I did so through a lot of struggles.

SSR 15 described the MFI loan as a capital builder. She claimed to have used diplomacy to win the confidence of the MFI officials to waver petty penalties on default. She did this through timely giving of information to MFI officials about her financial challenges that might prevent her from prompt installment repayment.

(SSR 15) I paid back the loan on daily installment basis of GH₵50 per working day for three months. I repaid the loan promptly. I completed the first cycle and contracted the second time. I repaid the second one with diligence without any default. Since then, I have never contracted any loan again because I developed a very strong capital base alongside the repayments through savings. The loan helped me a lot – it is a matter of hard work and prudent management. With my financial status now, I do not think I will borrow to leverage my business. I paid back on time. I delayed in payment a few times but paid no penalties. This was because I pre-informed them of any financial predicament I had. It is a matter of presenting your case in a nice way. That was why I did not pay any penalties for delays or defaults in loan repayment.

Many participants paid their loans completely. This could be the result of the threats issued by MFIs officials against default. Potential defaulters used diplomacy to avoid penalties for default. However, some of the MFIs officials were adamant to their clients' excuses.

(4a). Prompt and smooth repayment. Some participants described their loan repayments as punctual and on the dot. They paid without default in anyway. They fulfilled their part of the loan agreement in good faith.

(SSR 2) I never defaulted in repayment. I paid the loan back on time.

(SSR 3) I made repayments on time – and this kept my wife's credibility intact.

Non-defaulters developed creditworthiness. Even though participants complained of high interest rates, they were able to defray their loans through prudent management. Perhaps, participants strived to pay back their loans in order to avoid issues of utmost good faith.

(4b). Irregular repayment with excuses. Some participants described their unsavory experience they underwent in the repayment of their loans to the MFIs. They provided various reasons for their failure to honour their loan obligations on time.

(SSR 7) The repayment was on daily basis. I religiously repaid the first loan promptly. With the goodwill established, I opted for a second round. This time, things fell apart – I staggered in repayment of the second loan. Frequent power outages contributed significantly to my failure to honour the repayment plan. I requested for a grace period of four months to clear the outstanding loan. I paid penalties in addition after the grace period. In fact, the nationwide power outages were highly responsible for my irregular repayment. Plenty of food got spoilt due to power outage.

(SSR 10) I used to repay on time. I paid through a mobile network. This time, low patronage from clients and drawings reduced my turnover. As a result, I started defaulting in repayment – thus, paying half of the installment per week. MFI official mounted pressure on me for repayment of the loan. Their mode of debt collection caused me a great discomfort – they banged on my door several times at midnight when I failed to repay for a week. Repayment of both principal and interest under pressure drastically reduced my capital. After completion of repayment, I refused to contract a new loan. For the past two years, I have never borrowed again – and I do not think I shall borrow from an MFI again. They are strict with their debt collection. In reality, I blame the low patronage of clients for my inability to repay the loan on time.

(SSR 12) I repaid the loan under duress – whether I had money or not, I was forced to service the loan. For the second time, I contracted GH₵2000 from the same MFI. This time, an amount of GH₵ 400 was retained in an account as additional collateral; only GH₵1600 was given to me in cash. I started repayment of the loan religiously. I once received a warning message from the senior officials of the MFI that I had severally defaulted in repayment. It was then I sensed that the junior official who was coming for the installments might have not been keeping accurate records or failed in rendering proper accounts to the MFI. Meanwhile their loans are short-term in nature – we normally repay within three months. Nothing prevented me from borrowing from the MFI; I was bold to take the loan. I sell to students who usually go on long vacations. We have a seasonal market – demand for food reduces during vacations. It was in one of these periods that I defaulted in repayment. I tried to explain to the MFI that vacations were our lean seasons but they never paid heed to me. They did not even grant the loan to me on time. The disbursement of the last loan I contracted delayed for one month. Meanwhile a semester is averagely three months and one-third of the period had been spent without working capital. They expected me to pay them in vacation period when business was on recess. My brother, business is bad between June and August. The seasonal nature of our work is partially responsible for the delay in repayment.

Default in payment was prevalent among a few participants. Erratic power supply, low demand for products, failure to collect debts from clients and ill-health were blamed for default. Many defaulting participants were surcharged. The payment of the surcharge could widen the woes of participants who were prone to experiencing inadequate working capital syndromes.

(4c). Mishandling of MFI clients. Some participants described the attitudes of some MFI official towards clients as unsavory and inhumane. They described their approach to debt collection as crude and primitive. SSR 16 and SSR 12 narrated their ordeal.

(SSR 16) In fact, I did not even understand the modalities of calculating the interest. I had to pay penalties for the delay in payment. The penalties too were overwhelming. So the MFI official confiscated my perishable inputs, gas cylinder and cookers. They even threatened me with death. This loan had given me heartache. The officials swindled me. Even the MFI confiscated my savings with them. These MFIs are killing women! The officials insulted and disgraced me in front of my co-tenants. MFI surcharged me GH₵ 700 after the repayment of the loan and penalties for delay. I think the officials do not render proper accounts to their management – they swindle their employers. That might have been responsible for the exorbitant penalties paid. I passed through this agony just because my children must go to school. I fervently remember that my neighbour had to vacate her residence, since the early days of 2017, due to the embarrassment she was undergoing in the hands of MFI officials. The insults caused her too much heartache so she absconded and had never returned to the neighbourhood – I do not see her around.

(SSR 12) One early morning, senior officials of the MFI carried the food I prepared for sale to their office for an alleged default in loan repayment. The senior officials were very impatient – they were not prepared to listen to me. I thought they would bring the food back to me but never did they bring it. I later, in the day, lodged a complaint to the police about their conduct. The police invited the senior officials of the MFJ for interrogation. Nothing came out of the invitation. They kept the food till the following day – it got spoilt. The junior official was only dismissed. Later, they asked me to pay back the rest of the loan with penalty. They held unto the GH₵ 400 portion of the loan and never gave it to me. MFIs are never friendly. I shall never contract MFI loans again in my life. They insulted and disgraced me. Everybody owes, even governments owe. I never finished repaying the loan. Credit purchase is even better than this evil loan. Although I provided collateral and guarantor for the loan, they called and insulted my husband for the perceived default in repayment. An MFI which does not give loans to entrepreneurs is a useless firm. Government should withdraw the licenses of such MFIs. They must be moderate in their activities. They should learn to be human in their operations. We cannot meet the collateral requirements of the traditional banks so we resort to the MFIs. We are in a dilemma now: the MFIs too are putting obstacles on our way for credit. They always embarrassed us – they would not leave our shops or homes. Some of the officials threatened us with juju. They mistreated, harassed and embarrassed a lady till she passed out and passed on. The insult they rained on my husband intermittently was the most painful aspect of the whole issue. For this, I could invoke a curse on the officials of the MFI, and they would never know peace.

The reactions of MFIs officials to loan defaulters was unethical. Some MFIs officials insulted and confiscated even perishable products of defaulters and prevented them from serving clients. Affected participants described the MFIs modus operandi of debt collection as inhuman.

Theme 5: Issues in Recovery of Revenue

Participants described their modes of sales as credit sales and cash sales. One participant described his clients as credit customers to whom he sold and collected debts later. SSR 3 claimed he usually dealt with academic institutions. This was how he described his experience:

(SSR 3) I sell on credit to my clients because they do not have ready cash to pay. My clients are retailers who have to sell before I am paid. My clients are first-cycle schools who sell my books to students for academic work.

Some participants also reported that although credit sale was not their priority, they had to agree to it for their business to be a going concern. These were how they described their way of conducting credit sales alongside cash sales:

(SSR 8) We do not sell on credit – credit is not our main focus. Clients brought order requests. At times our clients pre-finance the order, other times too we do pre-finance. We usually foot the bill of the entire order production and collect our money after delivery.

(SSR 5) Generally, I do not sell on credit but I do consider some clients of goodwill. I receive order requests from most of my clients. Majority of them pre-finance their order requests.

All participants agreed that both credit and cash sales were the hallmarks of the business world. Some of them dealt in only cash sales while others dealt in credit sales. A blend of both cash sales and credit sales was predominant among a cross section of them.

(5a). Credit sales galore. Majority of participants described credit sales as dominant in their business. They affirmed that their businesses thrive on credit sales – hence, credit sale is characteristic of their ventures. Credit sale is the lifeblood of their businesses; hence fundamental to the success of their business operations.

(SSR 13) Credit sale is the hallmark of my business – I sell on credit to most of my clients.

(SSR 10) I sell on credit to my clients.

A few participants described their business as purely cash sales and had never attempted to sell on credit to their clients in anyway. These were how they described their sales:

(SSR 12) I sell for cash – I do not sell on credit at all!

(SSR 15) I have never sold on credit – no credit sales.

Participants who dealt in credit sales did so due to the financial difficulties of their clients. Others who sold for instant cash also did so due to the irregular nature of their clients – passers-by, students and workers of the formal sector. Some of these customers were one-off buyers who might not be again.

(5b). Duration of credit sales and mode of debt collection. Participants who sold to clients on credit described how long it took their clients to pay for their credit purchases and the methods used for debt collection. It took participants a minimum of two days and a maximum of three months to recover revenues from their credit clients. Recovery of proceeds of credit sales was a herculean task. Participants described their experiences vividly:

(SSR 2) It takes the credit buyers an average of two weeks to pay me. Many of them do not pay on time. It takes them more than three months to pay me after the agreed deadline.

(SSR 6) It takes some clients a week or two to pay me; others pay after the deadline of one or two weeks. Those clients who do not meet the deadline of one or two weeks enjoy a grace period of two months for payment. I do not force my clients to pay me because they may not have the moral justification to buy on credit from again.

Debt collection was an arduous task for participants. It took some of them more than one year to recover debts. This situation resulted in more bad debts, which could have an adverse effect on the working capital of participants – drainage of operating capital.

(5c). Credit clients' excuses for delay in payments. Majority of the participants reported that their clients attributed their inability to pay for their credit purchases to the prevalent harsh economic conditions in the country – rise cost of accommodation and increased financial responsibility for household keeping.

(SSR 2) They give reasons like exorbitant rents charged by landlords and delay in the receipt of their salaries.

(SSR 5) Clients who give orders for ceremonies claim poor organisation of ceremonies is responsible for their delay in payments.

Participants SSR 7 and SSR 8 reported that their corporate clients blamed their failure to pay for their credit purchases promptly on the absence of authorised signatories to corporate accounts.

(SSR 7) Payments were agreed to be done at the end of each month but they were delayed due to the travelling of some of the signatories to the account from which I was to be paid. Again, they always attributed the delay in payment to the absence of the signatories to their bank accounts.

(SSR 8) They blame the delay on the travel of signatories to their accounts.

Clients of participants blamed their failure to pay for products and services on economic hardships, delay in salary payments and travel of signatories to the accounts of corporate clients. These situations had the tendency of holding up or depleting the working capital of participants' businesses if they failed to recover debts fully.

Theme 6: Modes of Payment to Suppliers

Participants described the modes of payment to their suppliers as instant payment and deferred payment. They referred to cash purchase as 'instant payment' and future payments for credit purchase as 'deferred payment'. Some of the participants who undertook credit purchases before and later resorted to cash purchases recounted their experiences:

(SSR 6) This drains my capital. Due to this, I have resorted to purchasing inputs with cash on daily basis again. I do it this way to avoid the disgrace from suppliers for delayed payment or non-payment. The suppliers can sell to me on credit but I do not want it that way.

SSR 16 discontinued credit purchase due to the stigma attached to it from her suppliers. For some time, they had not attempted it again.

(SSR 16) I stopped credit purchases. To avoid further disgrace, I have been buying with cash for some time now. I do not remember the last time I bought inputs on credit from suppliers.

One participant stated his reasons for buying inputs on credit. This was the reason she gave for credit purchases:

(SSR 10) Yes, I obtain credit purchases from my suppliers – only plantain I buy on credit. Credit purchase from suppliers is an advantage in that it serves as a soft loan.

Another participant had a different way of describing the mode of his credit purchases. This was how he described his credit purchases:

(SSR 3) I do not buy inputs myself on credit. My business partner finances the inputs. I pay both the capital and profit portion of my acquaintance back on time. I think he also borrows from an MFI to support me for profit motives.

Other participants described their input purchases as a blend of both credit and cash purchases. They described it in these ways:

(SSR 5) I make part payment for purchased inputs and pay the rest prior to the next purchase. I pay my suppliers on the agreed date.

(SSR 9) I purchase inputs with cash and sometimes on credit. I pay my suppliers on time. I save the proceeds of my business for that. In order to meet the high demand for my products, I sometimes entice my suppliers to increase my credit purchases.

Participants maintained that their businesses thrived on both cash purchases and credit purchases. Some participants rely entirely on cash purchases for business. While a handful of them detested credit purchases for personal reasons, others hailed credit purchases for the economies of scale involved.

(6a). Instant payment to suppliers. Participants who used the instant payment described it as ‘cash and carry’ in that if they did not hold money in hand, they would never procure input for production. These were their reports on their cash purchases:

(SSR 4) I do not buy inputs on credit at all – I tried it and failed. When my customers delay in payment, I plough back the revenue I have derived from sales with the hope of receiving future payments.

4.3. Discussion of the Results

Challenges of Capital Drainage (Theme 1)

A large number of participants claimed to have had countless financial difficulties. Participants outlined the reasons for which they needed money in their ventures. This is consistent with Asantewa (2015); Gulli (1998) and Horton (2017) that small-scale enterprises face difficulties in securing credit to fund the introduction of new products to their market, to carry out business expansion or to foot the bill of current marketing costs.

Constraints of excessive cash withdrawal from business (Theme 1a). Consistent with the findings of previous studies of Merritt (2018), participants bemoaned the adverse effects of cash drawings on their operating capital. Participants described drawing out as the main cause of working capital depletion. Some participants blamed their financial challenges on parental responsibility which required a lot of cash withdrawals from their ventures.

Constraints of input purchase capital (Theme 1b). Majority of the participants described the aspects of their businesses which required financial leverage. Participants isolated inputs as the major components which needed most funds. This implied that participants did not have enough working capital, which could be inimical to the prospects of their ventures. According to Cull et al. (2013), inadequate working capital can endanger a firm’s potential to pay for its everyday operations and prevent it from preparedness for unexpected circumstances. The deficit in working capital could be ironed out through borrowing from MFIs. In the findings of Ullah & Sohail (2013), the MFI clients revealed that their enterprises progressed when they acquired loans to vary the products and broaden their ventures. Microfinance is instrumental in creating access to productive capital for the poor, in addition to human capital, adopted through education and training and social capital, accomplished through homegrown organisation, empowers people to escape economic hardships (Al-Mamun et al., 2014; Cull et al., 2013). While some participants just mentioned ‘inputs’, others itemised the inputs.

Constraints of business expansion capital (Theme 1c). Dzisi and Obeng (2013) found that clients actually used a chunk of their borrowed funds for business expansion and spent some on rent, debt settlement and payment of school fees of their wards. Some participants had in mind the expansion and long-term survival of their business, which was being thwarted by financial challenges. This is supported by the findings of Dzisi and Obeng (2013) that MFI clients obtain credit for the purpose of business expansion. In the findings of Boateng et al. (2014), the main purpose for which MFI clients obtain credit is to expand their businesses. The findings of Adu-Okoree (2012) also buttressed that access to microfinance guarantees enterprise stability and growth, providing capital for expansion. Some described vividly that they needed to bring their businesses back on track to become more vibrant or modernise their businesses. This is consistent with Nkwah et al. (2013) that microfinance schemes are fundamental to the growth and development of entrepreneurs in addition to poverty reduction, through the provision of financial services that generate extra employments, expand, grow, develop and sustain existing businesses, building capacities, self-image and confidence and many more, which in turn, result in poverty reduction. Therefore, microfinance companies that produce the maximum profit for investors entice the greatest amount of funds needed for business expansion and servicing of more customers, which results in the reduction of the highest poverty (Al-Shami, Al Mamum, Rashid, & Al-Shami, 2021; Ayayi & Sene, 2008).

Constraints of Business Startup Capital (Theme 2)

Majority of the participants described from their experiences how they started their ventures with a lot of financial constraints. As a result, they had to borrow funds to augment their capital. This is consistent with the findings of Adu-Okoree (2012); Dzisi and Obeng (2013); Sohail (2013) that some of the clients also cited business startup as the reason for borrowing from MFIs. They outlined the various sources of funds for the start of their businesses. Some also indicated how they were able to overcome such constraints.

Meagre business startup capital (Theme 2a). Some participants alleged that although their startup capital was relatively meagre for the takeoff of their ventures, they had to begin from somewhere with the little savings they made. Meanwhile, starting a business with inadequate capital could create numerous predicaments in the operations of the venture, which could result in business failure. A vast majority of participants in a 2004 bank study conducted in the U.S. revealed that their businesses shut down totally because of inadequate start-up capital (Alimukhamedova, 2013; Dzisi & Obeng

2013; Sugars, 2007). Some participants were forced to begin their ventures with insufficient funds because they were not creditworthy enough to borrow from MFIs. This is supported by Horton (2017) and Musore et al., (2016) that while there are numerous sources of funds available to the entrepreneur, not all of them have the required flow of revenue or growth track to contract funds for key purposes from these sources.

Constraints of leverage for business startup (Theme 2b). Participants sought financial support from other sources to increase their start-up capital, which is consistent with Alimukhamedova (2013); Aziz and McConaghy (2014); Sultan and Masih (2016); Musore et al. (2016) that the depth of the financial system influences the structure of the economy indirectly and results in workable economic growth and decreases inequality in income generation among the populace. Majority of participants reported that they had to contract microloans from MFIs to boost their start-up capital. This is consistent with the findings of Dzisi and Obeng (2013) and Musore et al. (2016) that clients contracted loans to leverage their capital so that their businesses could stand the test of time.

Requirements for Accessing Credit (Theme 3)

All participants described the method MFIs used to secure the microloans. Participants SSR 5, SSR 6, SSR 7 and SSR 16 described the generality of the loan security requirements. This is consistent with Agyeman (2015); Dzisi and Obeng (2013) and Musore et al. (2016) that a thorough assessment of the business is carried out on the business ventures of the clientele of the MFI prior to the provision of the loan facility. This assessment assumes different dimensions. It is also in line with the findings of Alimukhamedova (2013); Dzisi and Obeng (2013) and Sugars (2007) that clients are granted their loans on the basis of past performance, credit worthiness, sustainability of business currently and also with recommendations.

Stringent loan security measures (Theme 3a). All participants dispassionately described the items that MFIs required of them to secure their loans. This is consistent with Agyeman (2015) that a thorough assessment of the business is carried out on the business ventures of the clientele of the MFI prior to the provision of the loan facility. This assessment assumed different dimensions, which is consistent with the findings of Kodongo and Kendi (2013). The clients are granted their loans on the basis of past performance, credit worthiness, sustainability of business currently and also with recommendations (Kodongo & Kendi, 2013). Participants described as cumbersome and infuriating, the nature of collateral and guarantor requirements, which is consistent with Agyeman (2015) that clients are requested to produce security and guarantors to safeguard the repayment. Some also described the elements of the loan security measures as intimidating and frustrating, and impediments to smooth loan acquisition.

However, Arora, & Meenu (2011) discovered that the dissatisfaction from the various service activities followed by banks, such as requirements of collateral, inconvenient procedural formalities, loan utilisation checks and difficult repayment terms were some of the major reasons for a significant proportion of the rural women to prefer informal sources of finance. Aziz & McConaghy (2014) and Cull et al. (2014) support the stringent measures by saying that because the poor are clever, now and again, cleverer than their lenders; therefore, if the MFI provides the leeway to the debtor that it is unprincipled, the debtor will exploit the MFI someday, in default. Majority of the participants had to fall on their relatives and friends to provide guarantees for their microloans since the MFIs made guarantee compulsory.

Interest rates galore (Theme 3b). Majority of the participants bemoaned the exorbitant interest charged by the MFIs. They were quick to describe MFI loans as necessary evils – all because they had no other source of credit. They claimed MFIs were insensitive to the high interest rates. This is in line with the assertion of the institutionist scholars of microfinance that an MFI should be able to cover its costs of operations, especially the cost of time spent in contacting the underprivileged of thinly inhabited areas (Cull et al., 2014; Khavul et al., 2013; Rajdev & Bhatt, 2013), with its revenues and earn profit in that access to microfinance should not benevolent at all times; hence the commercialisation of microfinance services (Khan et al., 2017). But the fact is that the greater interest rates charged implies low access to credit and the lower interest rate charged implies greater access to credit (Hulme & Maitrot, 2014; Yunus, 2016). The business expectations for microfinance are contingent on increasing interest rates on loans to levels that are usually considered greater than the rates charged to (better-off) customers of conventional banks (Rosenberg, 2013). The high interest rates created a lot of financial burdens for the participants. Already, Cambodia, Bangladesh, Bolivia and Bosnia have experienced the microfinance crises, endangered borrowers' livelihoods and added considerable costs to already-laden lives (Guérin et al., 2015).

Issues in Repayment of Loans (Theme 4)

Repayment was an easy task for many participants. This might be the result of displaying commitment to loan repayment to avoid incurring the wrath of MFI officials, which is consistent with the findings of Dziwornu and Anagba (2018) and Dzisi and Obeng (2013) that Ghanaians are mindful of their indebtedness and will do everything possible to honour the defrayal of their loans and retain perfect personal records. For others, repayment was a herculean task, which might be the effect of diverting borrowed funds from the main business. This is consistent with the findings of Alimukhamedova (2013); Dzisi and Obeng (2013) and Sugars (2007) that MFI clients who started their businesses with microloans acknowledged that they toiled to repay their loans due to the fact that not enough capital was left for business operations.

Prompt and smooth repayment (Theme 4a). Majority of participants described their loan repayments as punctual and on the dot. They paid without default in anyway. This is consistent with the statement that Ghanaians are conscious of obligation and will do their best to defray their loans and maintain seamless profile (Dzisi & Obeng 2013; Shicks, 2011). In the findings of Dzisi and Obeng (2013), repayment was smooth because MFI clients experienced improved businesses, superior patronage and favourable repayment plans. This implies that microfinance, all things being equal, has the potential to set people free from the shackles of poverty, given flexible repayment terms.

Irregular repayment with excuses (Theme 4b). Some participants described the unsavory experience they underwent in the repayment of their loans to the MFIs. They provided various reasons for their failure to honour their loan obligations on time. In the findings of Dzisi and Obeng (2013), MFI clients who used their loans for business startup admitted that they struggled during repayment since inadequate funds were left for operations, and for this reason, it is not advisable to contract loans to initiate business. Some participants branded MFIs as robbers and vowed never to borrow from them anymore. In the findings of Luyirika (2010), the MFIs were regarded as looters in that they impounded clients' assets upon default in payment.

Again, in the findings of Asantewa, (2015) and Luyirika (2010), clients faced difficulties of high interest rates, demand for collateral and delay in disbursement of loans, penalties for default in payment, very short repayment period and deduction of processing fees from loan before disbursement. Some participants' repayment schedules were adjusted due to defaults. This is supported in the findings of Luyirika (2010) that re-scheduling of repayments was done for potential defaulters for better compliance. This implied that some terms and conditions of the loan contracts were reviewed in favour of participants to facilitate their loan repayment.

Mishandling of clients of MFIs (Theme 4c). Some participants described the attitudes of some MFI official towards clients as unsavory and inhumane. Participants described the approach of MFI officials to debt collection as unsophisticated, crude, primitive and savage. MFI officials seized the collaterals of defaulting clients. This method of repayment enforcement is consistent with the findings of Solli et al. (2015) and Berguiga and Adair (2015) that there was hearsay evidence that MFI groups were seizing defaulters' household assets. Participants whose collaterals were seized were deprived of their sources of livelihood, which aggravated their repayment woes and deepened their poverty. This lays emphasis on the assertion that microfinance is not a panacea for lessening poverty because in numerous cases, the poor have been rendered more hopeless than ever by microfinance (Hulme & Maitrot, 2014; Mbecky, 2017). This is supported by Solli et al. (2015) that collateral should be essential to the debtor but not the foundation of living, dispossession of which could worsen nonpayment.

Theme 5: Issues in Recovery of Revenue

In a phenomenological study, each individual's unique experience is sound and reliable. There were overlaps of experiences among participants within the main themes, but there were also matchless experiences or different views (Ostavar-Namaghi & Rahmania, 2018; Padilla-Diaz, 2015). The differences in experiences among participants are compared in this section.

Majority of participants described their clients as credit customers to whom they sold and collected debts later. Some participants also reported that although credit sale was not their priority, they had to agree to it for their business to be a going concern. This is supported by Delport (2013); O'Brien (2017) and Woodruff (2018) that offering credit sales to customers improves business competition, maximises sales, increases market share, increases profit and improves customer dependability.

Credit sales galore (Theme 5a). Majority of participants described credit sales as dominant in their business. They affirmed that their businesses thrived on credit sales – hence, credit sale was characteristic of their ventures. This helped participants to match competitors, augment sales and win customer faithfulness. This is in line with Delport (2013); O'Brien (2017) and Woodruff (2018) that selling to clients on credit helps businesses to stay in competition, maximise sales, increase market share, increase profit and improve customer allegiance. To most participants, offering credit sales to clients was a necessary evil because they had to do that to remain in business. Refusal to grant credit to clients has its own dire consequences on businesses, which include loss of customer goodwill and loss of possible sales to rivals (Delport, 2013). Majority of the participants embarked on credit sales because, at a point in time, their clients could not buy with cash in hand. However, participants had to undertake due diligence before offering credit to their clients. Therefore, clients should be assessed on the following criteria: character – preparedness to pay, capacity – capability to pay, capital – financial depth, current economic and business state, credit record and collateral held against default (Delport, 2013).

Duration of credit sales and mode of debt collection (Theme 5b). Participants who sold to clients on credit described how long it took their clients to pay for their credit purchases and the methods used for debt collection. The collection of debts was a herculean task for most participants. This is reflected by the findings of Zywicki (2015) and Fedaseyen (2015) that credit sales implies further pressure, extra work, extra concentration and restless nights. A vast majority of participants reported that it took their clients longer periods to pay their debts, which sometimes remained unpaid. This is confirmed by Jalonen (2018) and Sigamoney (2017) that the drawbacks of offering credit sales include: delayed receivables, high debt service costs, danger of bad debts and upsurge in staff time in managing debts. Despite the disadvantages of credit sales, credit issuing firms make some gains. This is consistent with the findings of Deville (2015) and Fedaseyen (2015) that credit sales result in significant sales growth.

Credit clients' excuses for delay in payments (Theme 5c). Majority of the participants reported that their clients attributed their inability to pay for their credit purchases to the prevalent harsh economic conditions in the country. This presupposed that the clients of most participants found themselves in financial crisis. This is consistent with the assertion of Cho (2018) that one's customers' businesses may be undergoing financial difficult times and they fail to pay for credit. Two participants reported that the signatories to the accounts of their corporate clients were absent, hence the delay in payment. This is in line with Cho (2018); Moreton (2016) and Smith (2018) that the authorised person for payments has not come to work or has travelled.

Theme 6: Modes of Payment to Suppliers

Participants described the modes of payment to their suppliers as instant payment and deferred payment. Most participants claimed that cash purchases saved them from discomforts and inconveniences. Businesses and individuals who buy with cash enjoy economies of scale –reduced and fair prices (Realtor.com Team, 2013). Participants who purchased inputs on credit proclaimed that credit purchase relieved them of the hassles of loan application and its prolonged processes. This coincides with the assertion of Otto (2014) and Walsh (2018) that credit purchase gives the buyer sufficient time to prepare and get ready for crucial cash needs. They referred to cash purchase as 'instant payment' and future payments for credit purchase as 'deferred payment.'

Instant payment to suppliers (Theme 6a). Participants who used the instant payment described it as 'cash and carry' in that if they did not hold money in hand, they would never procure input for production. Many participants reported that they undertook cash purchases because they wanted to avoid the stigma associated with credit purchases. Other participants bought with cash in hand because they wanted to buy their inputs at fair market prices. They claimed many suppliers exploited them by arbitrarily increasing input prices above the market price. This is in line with Rodeck (2017) and Smith (2017) that if a firm acquires an asset with cash, the purchase price of the asset will be guaranteed. Participants affirmed that cash purchases enabled them to escape the perils associated with credit purchases. They felt that cash purchases did not involve any transaction processing charges and technical know-how to execute transactions – transactions occurred on the spot; hence no transaction fees are charged. This is consistent with Laundon and Traver (2017) and NXGEN (2016) that cash is an 'easy-to-carry' type of payment, neither the buyer nor the seller is expected to own a specialised machine to carry out a transaction.

Deferred payment with reasons (Theme 6b). Majority of the participants who obtained inputs on credit described their payments to their suppliers as agreed delayed payment, which implied that they negotiated for credit period. This credit period refers to the duration for which an entity grants trade credit to another entity or an individual client or the period a customer requires to defray accounts payable (Barad, 2010). Through this agreement, participants claimed the deferred payment gave the advantage of spending their funds on other essential items. This is consistent with the assertion of Otto (2014) that trade credit retains and makes funds available for the buyer to spend on other capital needs. Some also claimed that trade credits granted them some respite from the struggle and stigma associated with securing microloans. This is in line with the claims of Otto (2014) and Walsh (2018) that the short-term postponement of payment for purchases grants the buyer ample time to prepare adequately for urgent cash requisites. Other participants mentioned that trade credits helped them to meet bulky rush orders which could have been missed or delayed due to inadequate funds. This is supported by Otto (2014) and Walsh (2018) that credit purchases help forestall interruption in business operations and work execution.

Some participants reported of their ability to pay on the agreed date and others also described the reasons behind their failure to meet the agreed deadline, which they agreed might reduce their chances of future credit purchases. This is consistent with Otto (2014) that defaulting credit buyers may lose their creditworthiness with other firms in time to come. They alleged that low demand and delay in payment from their clients caused their failure to pay suppliers on time. These phenomena could be attributed to economic hardships on the part of the clients of participants (Wood, 2012).

(SSR 11) I always buy inputs with cash at hand. I have never tried credit purchase because the suppliers do not know me.

Participants who paid instantly to their suppliers alleged that they did so due their previous experience of stigamtisation in credit purchases. Others affirmed that although they had never had any precedence of belittlement from their suppliers, they cherished instant payment for input in order to avoid any embarrassment.

(6b). Deferred payment with reasons. Majority of the participants who obtained inputs on credit described their payments to their suppliers as agreed delayed payment. Some reported of their ability to pay on the agreed date and others also described the reasons behind their failure to meet the agreed deadline. SSR 15 described herself as creditworthy in that although she bought inputs on credit, she had never delayed or defaulted in paying her suppliers on the agreed date.

(SSR 5) I do not delay in payment because he/she may deny me credit purchase later: They may not allow me credit purchase again. One major constraint is the persistent increase in the prices of inputs.

(SSR 10) I pay my suppliers in bits via mobile money. I buy the plantain on fortnight basis. Suppliers are very cooperative. I sometimes delay in paying them. Delay in collecting receivables is responsible for paying my suppliers late.

Participants claimed that strong relationship is the pivot of credit purchases. Sound rapport gave the participants the urge to continue buying inputs on credit from their suppliers. Participants hardly defaulted in payment.

5.0. Conclusions and Practical Recommendations

The dependency load of small-scale entrepreneurs was too heavy (Theme 1a). The upkeep of their household and provisions of needs caused the excessive drawings from working capital. To avoid severe financial challenges in their businesses, small-scale entrepreneurs must diversify their businesses and reduce the quantum and the frequency of drawings from their businesses (Rahman et al., 2015). The small-scale entrepreneurship was dominated by graduates of Junior High School. This suggested that the small-scale entrepreneurs were mostly Junior High School leavers who might have joined the small-scale entrepreneurship without any prior cookery, management and entrepreneurial training. Almost all of them operated in the food industry. Ghanaian small-scale entrepreneurs are more interested in the food industry than any other. It could be deduced that the most essential need of the Ghanaian people is food, and the largest number was found in the small-scale restaurant industry in the municipality. This finding suggests that demand for restaurant services is high. It can be concluded that the high demand for restaurant services might have stemmed from the inability of the populace to have time for domestic cooking. The study recommends that the Ministry of Education and the Ministry of Gender and Protection reintroduce Life Skills and Home Science in the curriculum of basic schools in Ghana to facilitate the training of the youth in food and restaurant services (Maleko, et al., 2013; Chikwira et al., 2022).

The bakery industry was evenly occupied by Junior High School leavers and university graduates. The small-scale fish preservation industry was entirely controlled by Junior High School leavers. It can be deduced from this result that the fish preservation industry has been neglected by entrepreneurs who have advanced in education. Likewise the small-scale printing and publishing was exclusively dominated by university graduates. This implies that university graduates have started responding to the call by governments to establish and manage their own businesses to avoid over-reliance on the government's purse. However, the small-scale restaurant industry was predominantly handled by Junior High School leavers. It could be realised that university graduates have not turned their attention to the restaurant industry; hence its dominance by Junior High School leavers who might not have acquired the requisite skills in cookery enterprise and its management. The study recommends that the government, through the Ministry of Trade and Industry, provides startup capital for the unemployed university graduates so that they can embrace the small-scale entrepreneurship fully and give it a facelift, which will promote economic growth and development (Theme 2 & 2a).

The small-scale entrepreneurs faced numerous financial challenges. Cash drawings, input purchase requirements and revival of their ventures imposed financial difficulties on them (Themes 1a; 1b & 1c). Cash drawings are normal incidents in business but unreasonable drawings are inimical to the going concern of the venture. It can be concluded that excessive cash withdrawals from the business resulted in the financial challenges for the entrepreneurs. The capital for meeting input purchase requirements and reinvigoration of their ventures was robbed by drawings for the upkeep of their families. Entrepreneurs should learn to save some of their profits so that they can leverage their capital without difficulty when the need arises. The MFIs must revive and intensity their microsavings services and make it a requirement for borrowing (Themes 2a & 3). Entrepreneurs must be financially disciplined – they must avoid spending portions of their loans on rent, debt settlement and payment of school fees of their wards (Dzisi & Obeng, 2013).

Inadequate startup capital and the need for financial support from other sources were their main worries (Theme 2a). The inability to obtain enough startup capital could be blamed on the failure of the entrepreneurs to develop personal business plan, which would show the road map of their businesses. The blatant refusal of the commercial banks to lend funds to the small-scale entrepreneurs due to lack of collateral is also responsible for the inadequate capital for small-scale entrepreneurship (Asantewa, 2015). The study recommends that the central government empowers the state-owned banks to support small-scale entrepreneurs who have sound business plans with credit (Horton, 2017; Musore et al., 2016).

The interest rates and loan security requirements of MFIs were inflexible (Theme 3b). The stringency the MFIs attached to due diligence and loan security mostly resulted in delayed disbursement of microloans to their clients. Entrepreneurs realised reduced sales, less revenues and low profits due to the delayed disbursement of loans (Dzisi & Obeng, 2013). MFIs should moderate interest rates and collateral requirements to fast-track loan disbursements. Entrepreneurs suffered both physical and verbal mistreatments in the hands of MFI staff due to default or irregular repayment. The study concludes that the Ghanaian microfinance industry is dominated by the institutionist type of MFIs. It is, therefore, recommended that the MFIs should spell out their mode of collection and penalties for default to their clients in the loan contract to avoid taking clients by surprise (Khan et al., 2017). The study recommends that the central bank (Bank of Ghana) extends and tightens its supervision of MFIs in the country so as to moderate their operations (Theme 4c).

Credit sales, late receipts from credit clients and client default in payment were characteristic of most entrepreneurs. Entrepreneurs who repaid their loans regularly were those who did not overdraw cash from their businesses (Theme 4a). The irregular payers were those drew excessively from their working capital or experienced late loan disbursement (Theme 4b). The entrepreneurs obtained inputs through both cash purchases and credit supplies. Entrepreneurs who had cash in hand purchased inputs at moderate prices while those who called for credit purchases obtained inputs at cut-throat prices. It could be deduced that credit buyers experienced high cost of production in their businesses because they purchased inputs at astronomical prices. Entrepreneurs must avoid suppliers who are fond of increasing input prices arbitrarily and establish strong rapport with prudential ones. Maintaining strong relationships with stakeholders of a business promotes productivity and organisational performance (MacFarlin, 2019).

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