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Microfinancing and Performance of Small and Medium Enterprises

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ABSTRACT:- Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. Small and Medium Enterprises in Ghana especially those the Accra central are faced with the main challenge impeding on the growth of their businesses. A cross-sectional study was employed to evaluate the impact of microfinance products and services on the performance of small and medium enterprises in Okaishie market in Ghana. Chi-square test was used to test the association between the two categorical variables. The paper identified that gender, age, highest education attended, ownership structure and type of business of SME entrepreneurs influences the products and services received from Microfinance. The SWOT analysis indicated that the strength of financial services obtained from Microfinance have greatly profited SMEs in Okaishie market and have assisted the demonstration of business skills and pioneering ideas, improved the serious scarcity of finance, and enhanced SME performance. The weakness were delay in giving loans, cumbersome procedure in acquiring loans and high interest rate on loans prevent SMEs from acquiring loans whereas opportunities available were demand and supply gap, technological progress, possibility for microfinance to offer other services such as the payment of salaries, and pension funds management to SMEs. The treats such as Government regulations and interventions, inflation, weak judicial system that does not enforce the recoverability of debts, and low saving cultures. The paper recommends that microfinance should continue to attract SMEs by reducing the rate of interest on loans and increase the repayment period of the long term loans since micro credit given to SMEs has a positive effect on their performance.

Keywords: Microfinance, Performance, Entrepreneur, Emerging market

I. INTRODUCTION

Microfinance encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients. Microfinance was initially referred to as microcredit. Over time, it has metamorphosed into what many term as financial inclusion which involves the provision of banking service such as savings, insurance, payment services, funds transfer and credits to everyone especially the marginalized, households and businesses with low incomes. In recent times, some Micro Finance Institutions (MFIs) offer additional services like financial and business education. One of the several ways of addressing access to finance by SMEs in Ghana is the introduction and development of microfinance institution (Wang, Lu, Zhao, Gong & Li, 2013).

Micro finance Institution (MFI) has no generally accepted definition due to its diversified nature (Duvendack et al., 2010). Nkuah, Tanyeh and Gaeten (2013) defined Micro finance as the provision of financial services and loans to the poor in which a sum of money lent out is repaid in small instalments over a certain period of time. Small and Medium scaled Enterprises (SMEs) have the potential to fundamentally change all economies across the globe (Ocheni&Gemade, 2015; Quaye, Abrokwah, Sarbah&Osei, 2014). Small and Medium Enterprises in Ghana especially those in the Accra central business district are faced with the main challenge impeding on the growth of their businesses as funding (the inability to access credits from the Banks). Most of these SMEs are not able to access credits from commercial banks due to the lack of proper financials, adequate collateral and equity contribution to serve as security for the credit facilities. As a result, most commercial banks in Ghana considers credit to SMEs as high risk business.

According to Abor and Quartey (2010), many countries have agreed on the importance of SMEs performance towards economic growth and social development of developing economies. Akingunola (2011) proposed that SMEs are seen as the main contributors to the economy because of their potential in increasing productivity and standard of living. Anane, Cobbinah and Manu (2013) said that SMEs increase the provision of new class of entrepreneurs which bring about the extension of the middle class and a broader distribution of

income. Abor and Quartey (2010), SMEs face several hindrances in their quest to grow and develop despite their contribution to the economy.

II. LITERATURE REVIEW

Numerous studies have been conducted on the impact of micro financial institutions on the growth of small and medium scaled enterprises. According to Masurel and Montfort (2006) cited by Babajide (2012), not all small businesses have growth intentions and for other businesses, growth is not compulsory. Babajide (2012) randomly sampled 502 clients of microfinance banks in Nigeria and found out that micro finance does not promote the growth of micro and small enterprises in Nigeria but other business level factors such as business location and business size were identified to have a positive impact on enterprise growth. The study further recommended a recapitalization of the Microfinance banks to enable them expand in other to assist the growth and expansion of small businesses.

Also, Idowu (2010) examined the effect of Microfinance institutions on SMEs in Nigeria by employing simple random sampling to select 100 SMEs. The study findings showed that several SMEs benefited from MFIs credit despite only a small number of them were capable of getting the required amount of money needed. Wang (2013) assessed the effect of microfinance on the development of small and medium enterprises in Taizhou and Zheijiang, the largest home of SMEs in China. The study revealed that microfinance plays a very important role in SMEs revenue and profit growth and that firms with higher financial risk and lower level of production are more probable to seek microfinance. A study conducted by Ngehnevu and Nembo (2010) on the effect of Micro Finance Institutions on the development of SMEs in rural areas of Cameroon and identified that microfinance institutions support businesses with financial and social services to help expand their businesses.
Flora, (2015)assessed the accessibility of microfinance services and the challenges confronting 195 SMEs in accessing micro finance services in Mwomero district in Tanzania. The study identified that small enterprises have access and have benefited in microfinance services from various microfinance institutions in Tanzania despite the challenges confronting them. Ali, Abu-Hadi and Ali (2013) examined the accessibility of microfinance for small businesses in Mogadishu in Somalia by sampling 100 small businesses and found that small businesses are being hindered by access to credit from microfinance institutions which result in businesses collapsing.

There are several theories that are applied in relation to the study. Neo-classical growth theory highlight the significance of savings that ensure a sustainable economic growth in a country. For some specified capital stock, the output an economy yields is mostly determined by the production function. A change in the capital stock over a period of time causes economic growth. Capital stock is influenced by depreciation and investment and the steady state level of capital which is the long run equilibrium in an economy is when the total amount of investment equals to the total amount of depreciation. In an economy, the saving rate which is a major factor of the steady state capital stock shows the distribution of output between investment and consumption. The inability of individuals to have access to capital hinders their consumption rate and the optimal consumption pattern. The occurrence of microfinance institutions denotes an opportunity for individuals or small and medium sized enterprises to have access to informal money lenders and provide an opportunity to reduce the borrowing restrictions in developing countries (Todaro et al., 2013).

Joint liability theory interpretation can be grouped into two kinds. First, according to Banerjee et al. (1994), explicit joint liability occurs when a borrower default in payment of loan and group members are supposed to repay the loan for the individual. Such repayments are mostly imposed when individuals of the defaulting group receive threat to be denied future loans credit or when a group savings fund that serves as collateral is seized. Secondly, implicit joint liability occur when a group member default in payment of loan and the entire borrowers group become disqualified for future loans even if the lending contract does not include this punishment. This mostly occurs when microfinance organization chooses to seize its activities or services rendered when encountered with loan delinquency.

Keynesian theory is one the most commonly known theory of economic growth and development. The Keynesian Theory emphasizes on sustainable economic development and the capability of economic policy in attaining macroeconomic goals. The Keynesian Theory highlights that management of demand policies can be employed to enhance macroeconomic sustainability and performance. That is, macroeconomic policies require fixing monetary and fiscal variables at values necessary to attain the goals of the state at every stage in time (Abata, Kehinde, and Bolarinwa, 2012). Based on the Keynesian economic growth model, providing financial support to SMEs should be instituted in the macroeconomic policies of the Ghanaian government. In view of this, Anyanmu (2004) argue that the establishment of microfinance was to support the poor with micro-credit needed to assist them grow their small businesses with the assurance of higher returns that will transform their well-being.

The Pecking Order Theory framed by Myer (1984) declares that several businesses satisfied their financial obligations in a hierarchical order. Firstly, employing funds generated internally, secondly, seeking

loans or borrowing and lastly using equity to produce funds. This is a well-known practice which has received recognition by small businesses and shows the inverse association between borrowing and profitability. The pecking-order model reveals certain features of businesses that are affected by gearing decisions. Myers (1994) opined that delivering debt protected by collateral may decrease the asymmetric information linked to costs in financing. This theory has several merits such as ability to utilize all chances first before falling back to debt, taking into consideration profitable investments, the urgency of project and hierarchy of other sources of finance. Also, this theory is limited by issues on moral hazard.

The Credit Access Theory developed by Stiglitz and Weiss (1981) present a structure for assessing the inefficiencies of financial institutions. This structure reveals that information asymmetry is the key cause of financial market malfunctioning in developing countries. Financial institutions that support individuals or small and medium sized businesses are not only keen about the interest they receive on loans, but also the risks associated with the loans they give out. Borrowers from financial institutions are mostly screened and monitored frequently as compared to other investors. There is still occurrence of unfavorable selection and credit rationing from banks when they need collateral (Stiglitz and Weiss, 1981).

The responsibilities of MFIs in emerging markets is to provide credits and financial services such as insurance, saving and other important amenities that generate income-earnings in SMEs. SMEs are identified as key drivers of growth by emerging markets and provide significant contribution to the economy (O'Regan, Ghobadian&Gallear, 2006). The study examines the relationship between the products and services offered by micro financial institutions and the financial performance of small and medium scaled enterprises in the Okaishie Market, Accra, Ghana.

III. METHODOLOGY

The Accra Metropolitan District is one of the 254 Metropolitan, Municipal and Districts Assemblies (MMDAs) in Ghana, and among the 26 such districts in the Greater Accra Region. It spans an area of approximately 6.56 km^2 (2.53sq miles) and encompasses the Ashiedu-Keteke and Osu-Klottey sub-metropolitan district councils.Okaishie Market can be found in the Ashiedu-Keteke sub-metro. Okaishie Market is the second biggest market in Greater Accra Region with major pharmaceutical and wholesaling activities taking place there. Polit, Hungler, and Beck (2001) define a research design as the overall plan for collecting and analyzing data including specifications for enhancing the internal and external validity of the study. The research design for this paper was a cross sectional research design and quantitative research approach. The researcher employed a case study of selected SMEs at Okaishie. Quantitative research comprises of collecting and converting data into numerical form so that the data can be analyzed. A cross-sectional study was employed to evaluate the impact of microfinance products and services on the performance of small and medium scaled enterprises in Okaishie market in Ghana. Research population is the collection of elements or objects that possess the information sought by the researcher and about which inferences are to be made (Mahlotra, 2008). The target population was SMEs based in Okaishie. Primary data was collected from SME entrepreneurs from Okaishie market through the administration of questionnaires.

According to Baker (1994), pilot testing means identifying whether the research, or questionnaire administered would work by first administering it to a few SME entrepreneurs. This enables the researcher to evaluate the entrepreneur's behavior with regards to comfortability when answering the questionnaire and the exact time spent in answering it. Based on this, a sample of 100 SME entrepreneurs who did not partake in the research were carefully chosen for the pilot testing of the SME questionnaires. Closed ended questionnaires were administered to SME entrepreneurs at Okaishie. The questionnaires requested specific answers to address specific questions needed to meet the objectives of the paper. Simple random sampling was used, this is where each member of the population has equal probability of being selected. The sample of 100 SMEs entrepreneurs were random selected. Percentages and frequency tables were the statistical tools used for describing the data while cross tabulation and chi-square test were used to analyze the data. Chi-square test was used to test the association between the two categorical variables.

There are various types of statistical relationships which can exist among variables. Each of these types of relationship involves some form of connection or association between the variables. The connection may be a causal one, so that when one variable changes, this causes changes in another variable or variables. Other associations among variables are no less real, but the causal nature of the connection may be obscure or unknown. Other variables may be related statistically, even though there is no causal or real connection among them. The chi square test provides a means of testing whether or not a relationship or association between two variables exists. The chi square test of independence begins with the hypothesis of no association, or no relationship, between the two variables. The chi square statistic used to conduct this test is

$$\chi^2 = \sum_i \frac{(O_i - E_i)}{E_i}$$

The observed numbers of cases O_i, are the numbers of cases in each cell of the cross classification table, representing the numbers of respondents that take on each of the various combinations of values for the two variables. The expected numbers of cases E_i are computed on a different basis than in the goodness of fit test.

IV. RESULTS

Table 4.1 shows the demographic characteristics of SME entrepreneurss at Okaishie Market such as gender, age, highest level of education, years of working experience and average monthly profit received. From Table 4.1, 62.0% of the participants were males. Also, about 18 of the participants were elders (65 years and older). Furthermore, majority of the entrepreneurs were sole proprietors (43%) and 45% had no employees. Out of the total entrepreneurs, 21% had no formal education, 20% sell drugs, 40% received an average monthly income between 500 and 1000 Ghanaian cedis, and 19% either self-financed the start of the business or received support from either friends or family. Out of the 100 SME entrepreneurs, 65% has benefited from Microfinance product and services.

Table 4.1: Demographic Characteristics of SME entrepreneurs at Okaishie Market

Characteristics	Frequency	Percentage (%)
Gender		
Male	62	62.0
Female	38	38.0
Age		
18-25 years	15	15.0
26-35 years	17	17.0
36-45 years	26	26.0
46-55years	24	24.0
Above 55 years	18	18.0
Highest level of Education		
No formal education	21	21.0
Primary School	15	15.0
Middle/Junior High School	19	19.0
Senior High School	15	15.0
Tertiary	15	15.0
Certificate/Diploma	15	15.0
Average Monthly Profit		
Less than Ghc200	17	17.0
Ghc200-Ghc500	24	24.0
Ghc500-Ghc1000	40	40.0
Above Ghc1000	19	19.0
Ownership Structure of Business		
Sole Proprietor	43	43.0
Partnership	16	16.0
Family Business	25	25.0
Others	16	16.0
Number of Employees		
No employee	45	45.0
1-3 employees	23	23.0
4-6 employees	15	15.0
Above 6 employees	17	17.0
Type of Business		
Pharmacy and drug sellers	20	20.0
Retail and wholesale service	17	17.0
Petty trading	15	15.0
Foodstuff sellers	16	16.0
Mobile money vendors	16	16.0
Others	16	16.0
Source of finance for start-up business		

Self	19	19.0
Family/Friends	19	19.0
Bank	16	16.0
Micro Financial Institution	15	15.0
NGO/Government Support	15	15.0
Others	16	16.0
Duration of the business transactions with microfinance institution		
Less than 1 year	28	28.0
1-3 years	23	23.0
4- 6 years	33	33.0
Above 6 years	16	16.0

Association between Demographic Characteristics and Entrepreneur Beneficiary of Micro Finance Products and Services

Table 4.2 shows the association between demographic characteristics and SME entrepreneur beneficiaries of Microfinance products and services. From table 4.2, the gender of SME entrepreneurs who benefit from Microfinance products and services were compared and the male entrepreneurs benefitted more (n=42) as compared to females (n=23), which were statistically significant ($\chi2$= 0.539, P-value =0.043). Also, the age of SME entrepreneurs were identified to have an association with beneficiary of Microfinance products and services ($\chi2$=1.660, P-value =0.018) with entrepreneurs between the ages 36 to 45 years (n=16) benefiting more from Microfinance products and services which were statistically significant.

There was an association between highest education attended and beneficiary of Microfinance products and services ($\chi2$=6.501, P-value =0.039) with entrepreneurs who had no formal education (n=14) benefitted more from Microfinance products and services than their counterparts which were statistically significant. Furthermore, the ownership structure of SME entrepreneurs were identified to have an association with SMEs who have benefited from Microfinance products and services ($\chi2$ = 0.212, P-value =0.016) with entrepreneurs who are sole proprietors (n=29) benefitting more from Microfinance products and services as compared to their counterparts.

The type of business of SME entrepreneurs were identified to have an association with SMEs who have benefited from Microfinance products and services ($\chi2$ = 5.525, P-value =0.003) with pharmacy and drug sellers (n=15) benefitting more from Microfinance products and services as compared to their counterparts. Finally, the findings showed that average monthly profit of SME entrepreneurs ($\chi2$=6.257, P-value =0.16), number of employees ($\chi2$=1.991, P-value=0.574), source of finance for startup business ($\chi2$=0.212, P-value = 0.976), and duration of the business transactions with microfinance institution ($\chi2$=2.019, P-value = 0.317) were not associated with SME entrepreneur beneficiaries of Microfinance products and services.

Table 4.2: Association between Socio-Demographic Characteristics and Beneficiary of Microfinance Products and Services

Characteristics	**No**	**Yes**	**Total**		
	N (%)	N (%)	N (%)	Chisquare	P-Value
Gender					
Female	15(39.5)	23(60.5)	38(38.0)	0.539	0.043**
Male	20(32.3)	42(67.7)	62(62.0)		
Age					
18-25 years	6(40.0)	9(60.0)	15(100.0)		
26-35 years	6(35.3)	11(64.7)	17(100.0)		
36-45 years	10(38.5)	16(61.5)	26(100.0)	1.660	0.018**
46-55 years	9(37.5)	15(62.5)	24(100.0)		
≥ 55 years	4(22.2)	14(77.8)	18(100.0)		
Educational Status					
No Formal Education	7(33.3)	14(66.7)	21(100.0)		
Primary School	5(33.3)	10(66.7)	15(100.0)		
Middle/Junior High School	8(42.1)	11(57.9)	19(100.0)		
Senior High School	4(26.7)	11(73.3)	15(100.0)	6.501	0.039**

Tertiary	5(33.3)	10(66.7)	15(100.0)		
Certificate/Diploma	6(40.0)	9(60.0)	15(100.0)		
Average Monthly Profit					
Less than Ghc200	9(52.9)	8(47.1)	17(100.0)		
Ghc200-Ghc500	11(45.8)	13(54.2)	24(100.0)		
Ghc500-Ghc1000	11(27.5)	29(72.5)	40(100.0)	6.257	0.16
Above Ghc1000	4(21.1)	15(78.9)	19(100.0)		
Ownership Structure					
Sole Proprietor	14(32.6)	29(67.4)	43(100.0)		
Partnership	6(37.5)	10(62.5)	16(100.0)		
Family Business	9(36.0)	16(64.0)	25(100.0)	0.212	0.016**
Others	6(37.5)	10(62.5)	16(100.0)		
Number of Employees					
No employee	13(28.9)	32(71.1)	45(100.0)		
1-3 employees	8(34.8)	15(65.2)	23(100.0)	1.991	0.574
4-6 employees **Above 6 employees**	6(40.0) 8(47.1)	9(60.0) 9(52.9)	15(100.0) 17(100.0)		
Type of Business					
Pharmacy and Drug sellers	5(25.0)	15(75.0)	20(100.0)		
Retail and wholesale service	5(29.4)	12(70.6)	17(100.0)	5.525	0.003**
Petty trading	4(26.7)	11(73.3)	15(100.0)		
Foodstuff	6(37.5)	10(62.5)	16(100.0)		
Mobile money vendors	8(50.0)	8(50.0)	16(100.0)		
Others	7(43.8)	9(56.2)	16(100.0)		
Source of finance for start-up business					
Self	9(47.4)	10(52.6)	19(100.0)		
Family/Friends	6(31.6)	13(68.4)	19(100.0)		
Bank	5(31.2)	11(68.8)	16(100.0)	0.212	0.976
Micro Financial Institution	5(33.3)	10(66.7)	15(100.0)		
NGO/Government Support	5(33.3)	10(66.7)	15(100.0)		
Others	5(31.2)	11(68.8)	16(100.0)		
Duration of the business transactions with MFI					
Less than 1 year **1-3 years**	7(25.0) 7(30.4)	21(75.0) 16(69.6)	28(100.0) 23(100.0)	2.019	0.317
4-6 years **Above 6 years**	15(45.5) 6(37.5)	18(54.5) 10(62.5)	33(100.0) 16(100.0)		

**** is significant at 5% level of significance.**

Association between Micro Credit and SME's performance at Okaishie Market

Out of 65.0% SME entrepreneurs who benefited from Microfinance products and services, 46(70.8%) benefited from micro credit. Also, from 46(70.8%) SME beneficiaries of micro credit products and services, 29(63.0%) SME entrepreneurs stated that micro credit has a positive effect on SME's performance, 10(21.7%) SME entrepreneurs stated that micro credit has a negative effect on SME performance and 12(15.2%) SME entrepreneurs declared that micro credit has a neutral effect on SME performance. Micro credit was identified to have an association with SME performance ($\chi 2 = 5.764$, P-value =0.045). The finding of the study is consistent with findings of Rotich, Lagat, and Kogei that the financial industry had a very high positive association with the performance of 270 micro, small and medium scaled enterprises in Kiambu municipal council in Kenya and suggested that improvements in the provisional levels of micro credit by MFIs would result in increased impact on SME performance.

Table 4.3: Association between Micro Credit and SME's performance

Product Beneficiary		**SMEs'**	**Performance**			
Micro Credit	Positive **N (%)**	Negative **N (%)**	Neutral **N (%)**	Total **N (%)**	$\chi 2$	P-value
No	6(31.6)	9(47.4)	4(21.1)	19(20.2)	5.764	0.045**
Yes	29(63.0)	10(21.7)	7(15.2)	46(70.8)		

**** is significant at 5% Significance level, Source: Researcher's Work, 2018, STATA 15 Output**

Association between Micro Savings and SME's performance at Okaishie Market

Out of 65(65.0%) SME entrepreneurs who benefited from Microfinance products and services, 50(76.9%) has benefited from micro savings. Also, from the 50(76.9%) SME beneficiaries of micro savings products and services, 25(50.0%) SME entrepreneurs stated that micro savings has a positive effect on SME's performance, 17(34.0%) SME entrepreneurs stated that micro savings has a negative effect on SME performance and 8(16.0%) SME entrepreneurs declared that micro savings has a neutral effect on SME performance. Micro savings was identified to have an association with SME performance ($\chi 2 = 2.390$, P-value =0.0303). The findings of the study are consistent with findings of Omondi and Jagongo (2011) who identified a positive significant association between micro savings and SME performance when assessing the effect of micro savings on 135 SMEs in Kisumu county, Kithae et al. (2013) who identified that savings mobilization by financial sectors had a positive association with performance of women entrepreneurs, and Lagat (2012) who recognized that savings by financial sectors had a positive association with performance of youth SME entrepreneurs.

Table 4.4: Association between Micro Savings and SME's performance

Product Beneficiary		**SMEs'**	**Performance**			
Micro Savings	Positive **N (%)**	Negative **N (%)**	Neutral **N (%)**	Total **N (%)**	$\chi 2$	P-value
No	10(66.7)	2(13.3)	3(20.0)	15(23.1)	2.390	0.0303**
Yes	25(50.0)	17(34.0)	8(16.0)	50(76.9)		

**** is significant at 5% Significance level, Source: Researcher's Work, 2018, STATA 15 Output**

Association between Micro Insurance and SME's performance at Okaishie Market

Out of 65(65.0%) SME entrepreneurs who benefited from Microfinance products and services, 37(56.9%) has benefited from micro insurance. Also, from the 37(56.9%) SME beneficiaries of micro insurance products and services, 17(46.0%) SME entrepreneurs stated that micro insurance has a positive effect on SME's performance, 12(32.4%) SME entrepreneurs stated that micro insurance has a negative effect on SME performance and 8(21.6%) SME entrepreneurs declared that micro insurance has a neutral effect on SME performance. Micro insurance was identified to have an association with SME performance ($\chi 2 = 5.525$, P-value =0.0303). The finding of the study is consistent with findings of Omwansa (2015) who identified a positive significant association between micro insurance and SME performance when assessing the effect of micro insurance on 372 SMEs in Machakos in Kenya and recommended that micro insurance is principal to SMEs in moderating them during the prevalence of unexpected and unfavorable events.

Table 4.5: Association between Micro Insurance and SME's performance

Product Beneficiary		**SMEs'**	**Performance**			
Micro Insurance	Positive **N (%)**	Negative **N (%)**	Neutral **N (%)**	Total **N (%)**	$\chi 2$	P-value
No	18(64.3)	6(21.4)	4(20.0)	28(43.1)	2.390	0.0303**
Yes	17(46.0)	12(32.4)	8(21.6)	37(56.9)		

**** is significant at 5% Significance level, Source: Researcher's Work, 2018, STATA 15 Output**

Association between Entrepreneurship Training and SME's performance at Okaishie Market

Out of 65(65.0%) SME entrepreneurs who benefited from Microfinance products and services, 43(66.2%) has benefited from entrepreneur training. Also, from the 43(66.2%) SME beneficiaries of entrepreneur training, 25(58.1%) SME entrepreneurs stated that entrepreneur training has a positive effect on SME's performance, 12(27.9%) SME entrepreneurs stated that entrepreneur training has a negative effect on SME performance and 6(14.0%) SME entrepreneurs declared that entrepreneur training has a neutral effect on SME performance. Micro savings was identified to have an association with SME performance ($\chi 2 = 1.173$, P-value =0.016). The findings of the study are consistent with findings of Chi, Wu and Lin (2008) and Omwansa

(2015). Chi, Wu and Lin (2008) found a positive relationship between foreign direct investments (FDI) related training programs and the performance of 816 SME in Taiwan suggesting that advanced training need to reduce the positive association between FDI-related training implementations and SME performance. Also, Omwansa (2015) identified a positive significant association between entrepreneur training and SME performance when assessing the effect of training on 372 SMEs in Machakos in Kenya and recommended that MFIs should regularly provide business and financial training on daily basis.

Table 4.6: Association between Entrepreneurship Training and SME's performance

Product Beneficiary		**SMEs'**	**Performance**			
Micro Insurance	Positive **N (%)**	Negative **N (%)**	Neutral **N (%)**	Total **N (%)**	$\chi 2$	P-value
No	10(45.5)	7(31.8)	5(22.7)	22(33.8)	1.173	0.016**
Yes	25(58.1)	12(27.9)	6(14.0)	43(66.2)		

**** is significant at 5% Significance level, Source: Researcher's Work, 2018, STATA 15 Output**

The study identified a significant relationship between Microfinance products and services such as micro credit, micro savings, micro insurance, entrepreneur training and SME performance.

V. DISCUSSION

The main objective of the study which examined the relationship between the products and services offered by microfinance institutions and the performance of SMEs in Okaishie Market in Ghana. The first objective of the paper evaluated the association between micro credit and the performance of SMEs in Okaishie Market in Ghana. The paper identified the following key findings from analyzing the data; Out of 65.0% SME entrepreneurs who benefited from Microfinance products and services, 46(70.8%) benefited from micro credit. Also, from 46(70.8%) SME beneficiaries of micro credit products and services, 29(63.0%) SME entrepreneurs stated that micro credit has a positive effect on SME's performance, 10(21.7%) SME entrepreneurs stated that micro credit has a negative effect on SME performance and 12(15.2%) SME entrepreneurs declared that micro credit has a neutral effect on SME performance. Micro credit was identified to have an association with SME performance ($\chi 2 = 5.764$, P-value =0.045). The finding of the study is consistent with findings of Rotich, Lagat, and Kogei that the financial industry had a very high positive association with the performance of 270 micro, small and medium scaled enterprises in Kiambumunicipal council in Kenya and suggested that improvements in the provisional levels of micro credit by MFIs would result in increased impact on SME performance.

The second objective of the paper evaluated the association between micro savings and the performance of SMEs in Okaishie Market in Ghana. The study identified the following key findings from analyzing the data; Out of 65.0% SME entrepreneurs who benefited from Microfinance products and services, 50(76.9%) has benefited from micro savings. Also, from the 50(76.9%) SME beneficiaries of micro savings products and services, 25(50.0%) SME entrepreneurs stated that micro savings has a positive effect on SME's performance, 17(34.0%) SME entrepreneurs stated that micro savings has a negative effect on SME performance and 8(16.0%) SME entrepreneurs declared that micro savings has a neutral effect on SME performance. Micro savings was identified to have an association with SME performance ($\chi 2 = 2.390$, P-value =0.0303). The findings of the study are consistent with findings of Omondi and Jagongo (2011) who identified a positive significant association between micro savings and SME performance when assessing the effect of micro savings on 135 SMEs in Kisumu county, Kithae et al. (2013) who identified that savings mobilization by financial sectors had a positive association with performance of women entrepreneurs, and Lagat (2012) who recognized that savings by financial sectors had a positive association with performance of youth SME entrepreneurs.

The third objective of the paper evaluated the association between micro insurance and the performance of SMEs in Okaishie Market in Ghana. The study identified the following key findings from analyzing the data; Out of 65.0% SME entrepreneurs who benefited from Microfinance products and services, 37(56.9%) has benefited from micro insurance. Also, from the 37(56.9%) SME beneficiaries of micro insurance products and services, 17(46.0%) SME entrepreneurs stated that micro insurance has a positive effect on SME's performance, 12(32.4%) SME entrepreneurs stated that micro insurance has a negative effect on SME performance and 8(21.6%) SME entrepreneurs declared that micro insurance has a neutral effect on SME performance. Micro insurance was identified to have an association with SME performance ($\chi 2 = 5.525$, P-value =0.0303). The finding of the study is consistent with findings of Omwansa (2015) who identified a positive significant association between micro insurance and SME performance when assessing the effect of micro insurance on 372 SMEs in Machakos in Kenya and recommended that micro insurance is principal to SMEs in moderating them during the prevalence of unexpected and unfavorable events.

The final objective of the paper evaluated the association between micro savings and the performance of SMEs in Okaishie Market in Ghana. The study identified the following key findings from analyzing the data; Out of 65.0% SME entrepreneurs who benefited from Microfinance products and services, 43(66.2%) has benefited from entrepreneur training. Also, from the 43(66.2%) SME beneficiaries of entrepreneur training, 25(58.1%) SME entrepreneurs stated that entrepreneur training has a positive effect on SME's performance, 12(27.9%) SME entrepreneurs stated that entrepreneur training has a negative effect on SME performance and 6(14.0%) SME entrepreneurs declared that entrepreneur training has a neutral effect on SME performance. Micro savings was identified to have an association with SME performance ($\chi 2 = 1.173$, P-value =0.016). The findings of the study are consistent with findings of Chi and Lin (2008) and, Kalui and Omwansa (2015). Chi, Wu and Lin (2008) found a positive relationship between foreign direct investments (FDI) related training programs and the performance of 816 SME in Taiwan suggesting that advanced training need to reduce the positive association between FDI-related training implementations and SME performance. Also,Omwansa (2015) identified a positive significant association between entrepreneur training and SME performance when assessing the effect of training on 372 SMEs in Machakos in Kenya and recommended that MFIs should regularly provide business and financial training on daily basis.

The paper concludes that gender, age, highest education attended, ownership structure and type of business of SME entrepreneurs influence the products and services received from Microfinance. Male entrepreneurs benefited more from Microfinance products and services as compared to female entrepreneurs. Also, the entrepreneurs who had no formal education, entrepreneurs between the ages 46 and 55 years, entrepreneurs who are sole proprietors benefited more from Microfinance products and services as compared to their counterparts. The products offered by microfinance such as microcredit, micro insurance, micro savings as well as services such as entrepreneur training have a positive effect on the performance of SMEs in Okaishie market.

The SWOT (Strength, Weakness, Opportunity, and Threats) analysis derived from this study indicated that the strength of financial services obtained from Microfinance have greatly profited SMEs in Okaishie market and have assisted the demonstration of business skills and pioneering ideas, improved the serious scarcity of finance, and enhanced SME performance. The weakness of financial services obtained from Microfinance such as delay in giving loans, cumbersome procedure in acquiring loans and high interest rate on loans prevent SMEs from acquiring loans. The opportunities available to microfinance such as huge demand and supply gap, technological progress, possibility for micro finance to offer other services such as the payment of salaries, and pension funds to SMEs encourage microfinance to continue to offer financial services to SMEs. The treats such as Government regulations and interventions, inflation, weak judicial system that does not enforce the recoverability of debts, and low saving cultures (people prefer to invest or keep their money in informal way such as susu prevent the microfinance from assisting SMEs which have a negative effect on the performance of SME. The paper recommends, Microfinance institutions should continue to attract SMEs by reducing the rate of interest on loans given and increase the repayment period of the long term loans since micro credit given to SMEs has a positive effect on their performance. Also, microfinance should continue to sustain the insurance covers provided to support SMEs as well as offer early compensations for the risk suffered by SMEs since micro insurance has a positive influence on SME performance. Furthermore, microfinance should increase the number of entrepreneur training untaken in a year as well as provide modern trainings such as using social media to market their businesses since entrepreneur training has a positive influence on SME performance. In areas for future research, examining the relationship between products and services offered by MFIs and the financial performance of SMEs using multiple linear regression. Also, an extension of the scope of the study to other markets in Greater Accra such as Kaneshie market and other types of SMEs such as construction and manufacturing. Furthermore, additional predictor variables should be used in the study in order to improve the results and perform longitudinal research so that researchers can use data that can evaluate changes over time.

VI. CONCLUSION

The following conclusions were made after a critical analysis of data on products and services received from MFIs by SMEs in Okaishie market in Ghana; SMEs in Okaishie market have benefited from microfinance products and services. The gender, age, highest education attended, ownership structure, and type of business of SME entrepreneurs influence the products and services received from Microfinance. Male entrepreneurs benefited more from Microfinance products and services as compared to female entrepreneurs. Also, the entrepreneurs who had no formal education, entrepreneurs between the ages 46 and 55 years, entrepreneurs who are sole proprietors benefited more from Microfinance products and services as compared to their counterparts. The products offered by microfinance such as microcredit, micro insurance, micro savings as well as services such as entrepreneur training have a positive effect on the performance of SMEs in Okaishie market. The paper

recommends that microfinance should continue to sustain the insurance covers provided to support SMEs as well as offer early compensations for the risk suffered by SMEs since micro insurance has a positive influence on SME performance. Furthermore, microfinance should increase the number of entrepreneur training untaken in a year as well as provide modern trainings such as using social media to market their businesses since entrepreneur training has a positive influence on SME performance. The paper suggests areas for future research; examining the relationship between products and services offered by MFIs and the financial performance of SMEs using multiple linear regression. Also, an extension of the scope of the study to other markets in Greater Accra and other types of SMEs such as construction, and manufacturing.

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