UNIVERSITY OF CAPE COAST

RURAL BANK FINANCING AND PERFORMANCE OF SMALL AND MEDIUM-SIZED ENTERPRISES JIRAPA MUNICIPALITY

BY

SYLVINUS KAAPUL ANGLAAMWINE

Dissertation submitted to the Department of Accounting of the School of Business, College of Humanities and Legal Studies, University of Cape Coast in partial fulfilment of the requirements for the award of Master of Business Administration degree in Accounting

APRIL 2022

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this University or elsewhere.

Candidate's Signature .... Date ....

Name: ....

Supervisor's Declaration

I hereby declare that the preparation of the dissertation was supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature ....Date........................

Name:...

ABSTRACT

Ghana's Small and Medium-sized Enterprises (SMEs) are faced with challenges in accessing credit from Rural Banks which tends to have effects on their performances too. Consequently, this study used the quantitative approach in examining Rural Bank financing and the performance of Small and Medium-sized Enterprises in the Jirapa Municipality. The stratified sampling technique was used to select 92 SME owners while 23 Sonzele Rural Bank staffs were equally selected, with all 115 respondents responding to questionnaires. The study revealed that the lack of access to Rural Bank financing is prevalent on the part of SMEs in the Jirapa municipal. It was discovered through the study that the few SMEs who access the loans/credits use them effectively as working/operating capital; to purchase fixed assets, for research and for development purposes. This tends to have positive effects such as encouraging the expansion of businesses, increasing capital, enabling the setting up of other businesses and an improvement in the overall standards of performance of SMEs. The study showed that the lack of guarantees or collateral, absence of positive track records, high risk attached to projects, absence of convincing business plans and inadequate source of repayment served as the major challenges on the part of SMEs in their attempt to access finance from the Rural Bank. Finally, it was recommended that Rural Banks should put in measures meant to increase and make credit facilities easier and more accessible to SMEs. It was also recommended that government and private individuals should establish more Rural Banks in the area to cater for the growing SMEs. The study recommended that SMEs should improve on their track records, go in for projects of no/minimal risk and also develop attractive business plans.

KEYWORDS

Small and Medium Enterprises

Rural Bank Financing

Performance

ACKNOWLEDGMENTS

I would like to express my profound gratitude to my supervisor, Mr. Patrick Darkwah of the Department of Accounting for his professional supervision, advice, encouragement and the benevolence with which he guided this work. I am really appreciative.

I am also grateful to Mr. James Kunituo and Mr. Abu Dieyele for their munificent contributions in making this work better.

To the staffs of Sonzele Rural Bank Limited and SMEs owners in the Jirapa Municipal, I say a big thank to you all for your support and contributions.

Finally, I would like to thank my lovely family, colleagues and friends for their support offered to me in pursuing this degree.

DEDICATION

To my family for their support and prayer throughout this program

TABLE OF CONTENTS

CHAPTER FOUR: RESULTS AND DISCUSSION

LIST OF TABLES

LIST OF FIGURES

Page

LIST OF ACRONYMS

AGI	Association of Ghana Industries
CGS	Credit Guarantee Scheme
ECM	Error Correction Modeling
GDP	Gross Domestic product
GEM	Global Entrepreneurship Monitor
GSS	Ghana Statistical Service
IFLS	Indonesian Family Life Survey
MASLOC	Micro and Small Loans Scheme
MOF	Ministry of Finance
NBSSI	National Board for Small Scale Industries
PAMSCAD	Programme of action to mitigate the social cost of adjustment
PSDS	Ghana Private Sector Development Strategy I & II (PSDS I&II)
SDGs	Sustainable Development Goals
SMEs	Small and Medium Enterprise

CHAPTER ONE

INTRODUCTION

Introduction

The purpose of this chapter is to serve as an introduction to the study. In this section, the background of the study as well as a statement of the research problem are discussed. The objectives of the study, as well as the research questions designed to help achieve those goals, are included in this section. In addition to this, the delimitations, limitations, and organisational structure of the study are presented, as well as the significance of the study to policy makers and other stakeholders.

Background to the Study

Rural Bank financing has gained currency as one of the significant means for ensuring the sustainable development and growth of Small and Medium-Sized Enterprises (SNíEs) in both developed and in developing Countries (Aremu & Adeyemi, 2011). SMEs are vital for the economic growth and competitiveness of rural communities to the degree that they constitute key customer segments of Rural Banks (Abor & Quartey, 2010). Ahmedova (2015) asserted that SIMEs play a significant role in income generation, job creation, poverty reduction and in the lessening of income inequality in most countries. Thus, Farinha and Félix (2015) noted that credit facilities are crucial to the smooth operation of SMEs, and that current SMEs require access to similar sources of capital in order to take advantage of growth and investment possibilities or, ideally, expand to a greater equilibrium scale. Beck (2013) claimed additionally that only when such financial frameworks are in place can SMEs securely buy a more optimal productive portfolio of assets. Rural banks' primary financing function—providing credit to small and medium-sized enterprises—tends to influence these companies' overall performance (Georgios, 2019). In this study, Rural Banking refers to the process of providing banking services in the rural areas mainly to the rural dwellers.

Historically, Rural and Community Banks (RCBs) now known as Rural Banks were first introduced in Ghana in the year 1976 with the aim of using them as outfits for promoting the sustainable development of Ghana's economy through their discharge of specified roles like rural financing and others (Musah & Adutwumwaa, 2021). Boadi, Li and Lartey (2016) noted that Rural Banking came to limelight as a result of the unwillingness on the part of traditional banks to establish branches in rural communities due to their profit-oriented nature. The tales also show that prior to the introduction of Rural Banks in Ghana, the main sources of credit for farm and non-farm activities were from money lenders and traders (Danquah, Quartey & Iddrisu, 2017). People living in rural areas of Ghana often had to travel great distances to access basic financial services like depositing paychecks, transferring monies, or getting paid for their products in cash (Appiah, Asamoah & Narkotey, 2015). The previous government of Ghana responded to similar challenges by enacting a slew of reforms aimed at expanding rural citizens' access to banking and credit (Adedeji, Taiwo, Ikumapayi & Akpevwe, 2018). These measures comprised making agrarian lending a prerequisite for commercial banks, forming the publicly owned Agricultural Development Bank, and launching RCBs (Kwarteng, 2017).

As a result, Rural Banks have been established to play a vital role in the mobilisation of savings in nil-al populations and the channelling of such savings into the supply of credit to rural microfinance institutions, agro-based firms, and cottage industries, including SMEs (Akudugu, 2012). Rural Banks, as stated by Akudugu (2012), are tasked with fostering the expansion of microbusinesses in rural areas, with the end goal of accelerating rural industrialisation to benefit Ghana's economy and its pursuit of the Sustainable Development Goals (SDGs). In a nutshell, Rural Banks help the poor and the microbusiness community by collecting savings, lending money, offering insurance, facilitating money transfers, and providing other non-financial operations (Arun, 2005). Where Rural Banks provide SIMEs with access to credits, they help boost SIMEs' performance level (Steel & Andah, 2008). In support of this argument, Shem and Atieno (2001) noted that when SMEs have significant exposure to Rural Bank financing, they are better likely to incorporate new and more effective technologies and contribute to the growth of agricultural and non-agricultural industries, both of which have a positive effect on the local economy and the reduction of poverty (Afari, 2021). SMEs keep their business cash flows smooth, promote growth by way of meeting the changing demands of the market and cater for unforeseen opportunities through such credit facilities received from Rural Banks (Appiah, 2018). These sources of finance are germane since they allow SMEs to innovate, improve efficiency, expand to new markets and provide jobs for the rural folks (Ladzagla, 2016).

In spite of the innumerable benefits associated with Rural Bank financing especially when it comes to the degree to which it amplifies the performance of SMEs, till date SMEs are unable to acquire the sort of Rural Bank financing deemed apposite for heightening their performance rate (Maduku, Mpinganjira & Duh, 2016; Gumel, 2017). Rural Bank financing and the provision of credit facilities to SMEs by Rural Banks are continually embroiled with deficiencies both on the part of Rural Banks and SIMEs, such the SMEs bear the brunt of such hurdles in their performance (Quartey, Turkson, Abor & Iddrisu, 2017). In a similar vein, Fatoki (2014) found that the availability of credit is a major barrier to growth for small and medium-sized enterprise (SME) proprietors. According to Olando, Mbewa, and Jagongo (2012), the profitability and expansion of small and medium-sized enterprises (SMEs) are hampered by the owners' incapacity to obtain access to finance.

Moyi (2013) averred in the same vein that the failure of Rural Banks to effectively offer readily accessible financial resources to SMEs results in the slow growth and collapse of SMEs. SMEs also fail to achieve the growth required in terms of increased job creation, and are unable to contribute to Gross Domestic Product (GDP) as expected if they are unable to access Rural Bank financing (Faal, 2020).

Globally, SIMEs are faced with brunt resulting from Rural Bank financing and their attempt to access credit from rural banks (Rachidi & El Mohajir, 2021). In continents such as Asia, Europe, and others there are records of rural areas where the performance of SMEs has been subjected to plethora of challenges borne out of their quest to resort to rural banks for credits and rural bank financing in general (Manzoor, Wei & Siraj, 2021). For example, in countries such as Albania, Georgia, Moldova, Bangladesh, China, Indonesia, Romania, Portugal Denmark and Luxemburg to mention but few they are faced with setbacks in accessing rural bank financing such that they bear its brunt in their overall performance (Liu, Zhang, Fang & Chen, 2022; Mueller & Sensini, 2021; Rao, Kumar, Chavan & Lim, 2021). The International Finance

Corporation (IFC) indicates that there is an annual unmet financing requirement of $5.2 trillion among the 65 million enterprises that make up 40% of official Micro, Small, and Medium-Sized Enterprises (MSMEs) in developing economies. This amount is comparable to 1.4 times its current level of the global MSME lending market (IFC, 2021). Africa has also had its own share of the issue of Rural Bank financing and the extent to which they have impacts on the performance rate of SMEs (Calabrese, Girardone & Sclip, 2021), For instance, in countries such as Malawi, Zambia, Ethiopia, Uganda, Democratic Republic of Congo, Chad and Burundi SMEs are posed with issues in accessing rural bank financing and its associated credits such that it subject their performances to disruptive effects (Nanziri & Wamalwa, 2021 ; Oshora, Desalegn, Gorgenyi-Hegyes, Fekete-Farkas & Zeman, 2021; Musah & Adutwumwaa, 2021). According to research by Adomako, Amankwah-Amoah, Tarba, and Khan (2021), for instance, despite the fact that SMEs make up the vast majority of businesses in economies like Cameroon, the Democratic Republic of the Congo, and Congo Brazzaville, their projected contributions to GDP are all less than 20%.

Ghana is also saddled with issues in the performance of SMEs which can be attributed to rural bank financing and inability of Rural Bank to easily access credit facilities from the available Rural Banks (Musah & Adutsvumwaa, 2021 For example in areas such as Fomena, Tease, Dabala, Kukuom, Akrofuom, Garu, Tumu, Zabzugu and others where Rural Banks are hosted in Ghana, SMEs are met with challenges in their performance resulting from failure to access Rural Bank financing (Danquah, Quartey & Iddrisu, 2017; Salifu, Tofik-Abu, Rahman & Sualihu, 2018; Afari, 2021). According to the

International Monetary Fund (2021), access to credit in Ghana is still difficult because of its high cost, its concentration in the country's major cities, and its limited availability in rural areas. The significant risks and transaction costs, real or perceived, coupled with lending to that section of the industry by Rural Banks limit the amount of money that small and medium-sized enterprises (SMEs) can borrow from these institutions. According to research by Danquah, Quartey, and Iddrisu (2017), the large collaterals required by Rural Banks as a condition of lending in Ghana make it difficult for small and medium-sized enterprises (SMEs) in Ghana to obtain financing. SMEs in Ghana also struggle to mobilise owner equity in order to meet the requirements considered suitable for credit facilities by Rural Banks (Salifu, Tofik-Abu, Rahman & Sualihu, 2018). According to Afari (2021), Rural Banks in rural portions of Ghana are hesitant or unwilling to lend to small and medium-sized enterprises (SMEs) because the cost of analysing SME loan applications is inflated by insufficient financial documents and unprovable customer details. In Jirapa, slight strides have been achieved by Sonzele Rural Banks in granting credit facilities to its customers, small-scale business operators and farmers, there is still more to be done in that stead for the enhancement of the performance of SMEs in the area (Naab, 2019; Ampet, 2020; Domanban, 2020).

Nonetheless, Sonzele Rural Bank is the only Rural Bank in the area and thus has gotten some SMEs in this area grappling with challenges in accessing credit facilities with the consequences reflected in their performance (Domanban, 2020).

High processing costs and brief repayment periods are two of the main reasons why small and medium-sized enterprises (SMEs) have a hard time gaining access to Rural Bank financing (Haselip, Desgain & Mackenzie, 2014). SME access to credit is hindered by cultural conventions, according to Kheira (2021). Women-led small and medium-sized enterprises (SMEs) face barriers to accessing rural funding due to entrenched cultural and patriarchal norms that discourage female property ownership (Calabrese, Girardone & Sclip, 2021). According to research by Onyango and Achieng (2013), small and medium-sized enterprises (SMEs) face barriers to obtaining loans from rural financial institutions due to limited business planning, management, and payment history. According to Mwobobia (2012), the biggest roadblock to obtaining loans is a lack of planning and mismanagement. As a result of their higher default rates, Rural Banks are wary about making loans to SMEs (Danquah, Quartey & Iddrisu, 2017).

The Jirapa Municipality has been chosen for this current study because it hosts only one Rural Bank namely the Sonzele Rural Bank established in 1983 with an agency in Han that complements the St. Joseph's Credit Union in providing banking services but that has not been enough to respond to the needs of the growing number of rural folks in the area and SMEs that have proliferated in the area (Naab, 2019; Ampet, 2020; Domanban, 2020).

Statement of the Problem

The establishment of Ghana's Rural Banks may be traced back to the requirement for more robust institutional arrangements that were designed to provide rural credits to the people living in rural areas (Musah & Adutwumwaa, 2021). Consequently, from its formation in Ghana, Rural Banks have played an important Rural Bank financing function, especially in the form of providing loan facilities to small and medium-sized enterprises (Danquah, Quartey &

Iddrisu, 2017). Even though there have been some positive developments in the provision of credit facilities to small and medium-sized enterprises (SMEs) in Ghana, more work has to be done by Rural Banks to improve SMEs' overall performance in the country's rural areas (Ampet, 2020). Till date SMEs are subjected to debacles in accessing such credit facilities owning to plethora of factors on the part of both the SMEs and the Rural Banks in Ghana. SMEs and their obvious growth potential in Ghana, have therefore not been met with equal access to Rural Bank financing (Afari, 2021).

The Jirapa Municipality can boast of a Rural Bank which serve the community by way of providing Rural Bank financing roles to its prevailing SMEs and the general public (Naab, 2019; Ampet, 2020; Domanban, 2020). However, the community is on records for failure on the part of the Sonzele Rural Bank which is the only Rural Bank in the area to appositely meet the insatiable credit needs of the growing SMEs in the area (Domanban, 2020). Jirapa has been featured with the presence of an alarming rate of SMEs' failure in their performance and a plummet in their contribution to GDP among others (Ampet, 2020).

In spite of the above, the literature only abounds svith studies that focus mostly on the general barriers faced by SMEs in accessing finance from Rural Banks, determinants of loan repayment of SMEs by Rural Banks or better still by looking at the generic outcomes for which Rural Banks finance SMEs without bringing to bear the specific effects of Rural Bank financing on the performance of SMEs, majority of the above indexed studies are even done beyond the Ghanaian setting (Chou & Buchdadi, 2016; Devi, 2014; Sofyan, 2019). Research conducted by Manurung and Manurung (2019) in Indonesia found that a lack of collateral is no longer a major consideration in rural bank financing as a means of deciding whether or not to approve a credit application. Others have also delved into generic prospects for which Rural Banks and Banks including Commercial Banks finance SMEs (Kher, 2013; Manzoor, Wei & Sahito, 2021; Nikoloski, Miceski & Paceskoski, 2015; Okarut, Olalekan & Mangadi, 2011).

In Ghana, the few studies that attempted looking at Rural Banks financing concentrated on determinants, challenges and prospect in general without unveiling its specific effects on the performance of SMEs (Adzido & Azila-Gbettor, 2014; Agyei-Mensah, 2012; Afriyie & Akotey, 2013; Ackah, Kondegri & Agboyi, 2014; Akudugu, 2012; Kadri, Bunyaminu & Bashiru, 2013). Even the studies such as that of Musah and Adutwumwaa (2021) which looked at the effects on performance of SMEs did so by linking it to corporate governance.

The above suggest the paucity of studies within the accounting literature that considers the inextricable relations between Rural Bank financing and the performance of SMEs. The current study intends filling this gap in literature by examining Rural Bank financing and the performance of SMEs in Jirapa Municipality.

Purpose of the Study

The purpose of this study seeks to investigate rural bank financing and performance of Small and Medium-sized enterprises in Jirapa Municipality in the Upper West region, Ghana.

Research Objectives

The main objective of the study is to examine Rural Bank financing and the performance of SMEs in the Jirapa Municipality.

The specific objectives are:

1. Investigate whether SIMEs are able to access loans from Rural Banks in Jirapa Municipal.
2. Identify the uses SMEs put Rural Bank loans in the Jirapa Municipal.
3. Determine the effect of Rural Bank financing on the performance of SMEs in the Jirapa Municipal.
4. Examine the challenges SMEs face in accessing credits from Rural Banks in the Jirapa Municipal

Research Questions

The purpose of this study as stated above could be achieved by navigating through the following research questions:

1. Are the SMEs able to access financing (loans) from Rural Banks in the Jirapa Municipality?
2. What are the uses SMES put Rural Bank loans to in the Jirapa Municipality?
3. What are the effects of Rural Bank financing on the performance of SMEs in the Jirapa Municipality?
4. What challenges do SMEs face in accessing credits from Rural Banks in Jirapa Municipality?

Significance of the Study

Many of the Sustainable Development Goals set for 2030 depend on easy access to financing, making this study crucial (SDGs). Goals for better health (SDG 3), decent education (SDG 4), women 's empowerment (SDG 5), access to safe water (SDG 6), energy (SDG 7), industry and innovation (SDG 9-providing micro enterprises with access to capital), and zero poverty (SDG 1), reduced inequality (SDG 10-reducing transaction fees of migrant remittances), and peaceful solutions all benefit directly from increased access to financial resources (SDG 16). This study's findings would have implications for the central bank, policymakers, governments, universities, and the public at large.

In particular, the findings will inform SMEs, Rural Banks, the government, and any other interested parties about the extent to which SMEs have access to credits from rural banks, how they have used the credits they have received from rural banks, the impact rural bank financing has had on the performance of SMEs, and any obstacles that have prevented them from doing so in the past. So that they don't stifle economic growth and development, Rural Banks will be educated on the contributions of small and medium-sized enterprises (SMEs) and when to give them access to sufficient capital. The results of this study will help small and medium-sized enterprises (SMEs) identify the most effective strategies for securing loans, as well as learn about the different loan options available to them and the proper collateral to offer in exchange for the loans. The research will also show the government where they can do better in terms of SME funding, which they can then target with educational initiatives like seminars and workshops. This research will also serve as a guide for SIMEs, Rural Banks, the government, and other interested parties to learn more about the barriers that prevent Rural Banks from lending to SMEs. In conclusion, the findings of the research will contribute in some way to the body of previously acquired information in the field of study.

Delimitation of the Study

In spite of the abundance of financial institutions in Ghana and Jirapa Municipal, including the Ghana Commercial Bank, the Agriculture Development Bank, microfinance institutions, and rural banks, the authors of this study have decided to focus on the latter and their potential impact on small and medium-sized enterprises' success in the Upper West Region. Both the financial difficulties faced by SMEs in the catchment area and the effect of this access to capital on the growth of SMEs will be the focus of this study.

Limitation

The success of this research will be obstructed by some impediments. For instance, the use of the questionnaire can bring some subjectivity in the results because the respondents will complete the questionnaire according to how each understood it and how they feel at that particular time of filling the questionnaire. Also, the objectivity of the findings in terms of generalization might not be absolute since some of the participants who will respond to the questionnaire will be untrained and the possibility of providing inaccurate responses cannot be underestimated. The timelines to be given to the respondents to complete and return the questionnaire might be long and can lead to respondents discussing the items before completing them and this can affect the reliability and validity of the results

Organisation of the Study

There are five distinct sections to this study. An overview of the study's context is provided in Chapter 1, along with a statement of the research problem, a description of the study's aims, and an explanation of its relevance. In addition to this, it details the aims of the study as well as the issues that will be investigated. A summary of relevant prior research is presented in Chapter 2. Conceptual and theoretical frameworks, as well as a survey of relevant literature on SME and rural bank funding, are provided. The next section, Chapter 3, details the study's methodology. It establishes the foundation for the study. Findings and debates pertinent to the study's aims will be presented in Chapter 4. Last but not least, the study's summary results, conclusions, and suggestions will be presented in Chapter Five.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This section of the report is devoted to reviewing the relevant literature on Rural Bank financing and performance as it pertains to small and medium-sized enterprises. Definitions of concepts and studies conducted on the subject are also discussed in this chapter. It will also undertake a theoretical review of literature. The Financed Led Growth theory which is the theoretical underpinning to this study has been reviewed. The discussions for this section are based on the following themes: Small and Medium-Sized Enterprises, Financing, History of Rural Banks in Ghana, Functions of Rural Banks in Ghana, Roles and Importance of SMEs on the Economy, SMEs Access to Rural Banks financing, Effects of Rural Bank Financing on the Performance of SMEs, Challenges SMEs face in Accessing Credits from Banks, Capital Structure, Firm Age.

Theoretical Review

Financed led growth theory

The financed led growth theory suggests that financial institution remains the key ingredients for increasing the productivity of an economy (Levine, 2005). This implies that countries with viable financial system were more likely to grow speedily compare to their counterparts with under-developed financial system (Boyer, 2000). Financial institutions therefore have some effects on the growth and development of businesses (Ang & McKibbin, 2007; Beck, Levine & Loayza, 2000), For example, Turner (2017) has revealed that finance has the potential to promote business growth and for that matter economic growth (supply-led hypothesis), Tt is clear that with such relationship persisting it can be viewed as supply-led (on the supply side) as the activities of the financial inclusion increase, the quantity and quality of financial services will in turn enhance the level of empowerment of SMEs, which will ultimately enhance development and growth. This is so, because the roles of the financial institutions are seen as a vital tool in increasing the productive capacity of the economy. Rural Bank financing will perform a vital duty to enhance the empowerment and economic of SMEs through the creation of small ventures which are having essentials spill over effects on promoting human development indicators (Agnello, Mallick & Sousa, 2012). The impact of monetary policy on the economy can be seen through a number of different routes, all of which have been extensively studied by monetarist theorists. According to the monetarist, the quantity of money in circulation responds directly to changes in the money supply.

In discussing this channel, Onyeiwu (2012) noted that an upsurge in the stock of money stems from the Central Bank's outsized monetary policies, which in turn leads to the increase in Commercial Bank deposits and the potential to construct credit, which in turn raises the monetary base via the multiplier effect. Banks and non-banks buy assets of the Central Bank Sold type to lower the amount of cash on hand, which in turn boosts activity in the real economy, particularly among small and medium-sized enterprises (SMEs).

Economic output is shown to be directly proportional to the amount of capital employed and the total factor productivity under the prevailing neoclassical theory of the production system. Consequently, a rise in rural bank financing may have consequences for the build-up of other forms of capital and the efficiency of all factors contributing to production. Total factor productivity is expected to increase as a result of increased saving and investment made possible by the expansion of Rural Bank financing (Claessens, 2007). The neoclassical and endogenous growth theory has suggested that economic growth is dependent on long run capital investment, which passes the right quantity of funds to productive sectors to help capital deficient sectors to enhance economic by increasing marginal productivity of capital. Similarly, we take excess funds, investment from rich households to the poor households to make them self-empowered/ self-sufficient to involve directly in the growth of the economy. This research incorporates how rural bank financing can enhance SMEs empowerment and economic development.

Conceptual Review

Small and Medium-sized enterprises (SMEs)

There is no universally agreed-upon definition of small and medium-sized enterprises (SMEs); rather, different nations and academic institutions define them in ways that serve their own interests, taking into account factors like the number of workers, the worth of capital assets, production capabilities, basic input qualities, level of innovation utilised, capital employed, managerial features, economic growth, and the unique problems faced by SMEs in each country (Van de Vrande, De Jong, Vanhaverbeke & De Rochemont, 2009; Harabi, 2005; Kushnir, 2006; Musa, 2013). Small and medium-sized enterprises (SMEs) are defined by the Federal Ministry of Economic Affairs and Energy in Germany as businesses with less than 500 employees or a yearly revenue of up to 50 million euros (Schubert, Breitschopf, & Plötz, 2021).

Businesses with less than 250 employees or an annual revenue of up to 50 million euros are also considered small and medium-sized enterprises

(SMEs). Some academics go even further, defining it as "a small unorganised business owned and controlled by an individual or group with the motivation to supply essential goods and services" (Bamidele, 2012). Companies with 50 or less employees, excluding family-run enterprises, are considered small and medium-sized enterprises (SMEs) by Aluko (2002).

Financing

Generally, financing could be defined by using their sources as basis for the definition. SMEs get their financing either from internal sources or external sources (Eniola & Entebang, 2015; Pretorius & Shaw, 2004). The internal sources of funding include funding provided by the owners of SMEs themselves whereas the external sources of financing come from financial banks/ rural banks, individual investors, venture capital and crowd funding among others (Fehr & Hishigsuren, 2006). Financing could also take the form of debt financing where it is either from formal and informal sources (Staniewski, Szopifiski & Awruk, 2016). The formal sources are said to be provided by the Rural Banks, Commercials Banks and other formal financial institutions whiles, the informal sources of debt financing could be from relatives, friends, trade credit, and the like (Lopes & Costa, 2017). SMEs usually prefer borrowing from financial institutions (Freel, Carter, Tagg & Mason, 2012; Guay, Samuels & Taylor, 2016). Financing could be in the form of an equity financing; it could be an internal equity or external equity short term (Müller & Zimmermann, 2009). The financing could come from sources with a short-term, medium-term, or long-term commitment, such as an overdraft, a trade credit, credit cards, a lease, or a bank loan (Eyiah, 2001; Chimucheka & Rungani, 2011). Long-term financing can come in the form of stocks and bonds, debentures, public deposits, retained earnings, long-term bank loans, or loans from other financial institutions (Broadbent & Cullen, 2003).

Capital structure

One of the primary aspects that determines a company's success is its capital structure, among others (Rauh & Sufi, 2010). In finance, "capital structure" refers to the mix of debt and stock that a company uses to pay for its assets (Gul & Cho, 2019). A company's choice of capital structure determines the mix of financing it employs to meet its day-to-day operating expenses and large capital expenditures (Robb & Robinson, 2014). The use of debt and equity to fund a company's activities is an example of capital structure (Chou & Lee, 2010). According to Abor (2007), a company's capital structure is its unique combination of debt and equity used to fund operations. According to Baker and Martin (2011), a company's capital structure is "the combination of debt and equity used to finance the productive assets, management, and future expansion of the company." Capital structure was also used by Pandey, Chotigeat, and Ranjit (2000) to refer to a combination of long-term funding mechanisms including debenture long-term loan, preference shares, and equity share capital, such as reserve and deficits. Capital structure, as defined by Pratheepkanth (2011), is the integration of a company's resources and deficits with other long-term sources of funding and equity shares.

Poor capital structure decisions may reduce the value gained from capital resources, according to a theory proposed by Yang, Chou, Cheng, and Lee (2010), while good judgments in this area contribute to improved company performance. Mergers, acquisitions, and other forms of capital-intensive business restructuring are all ways in which capital plays a role in fostering economic expansion (Edim, Atseye & Eke, 2014). A firm's value and overall performance can both be optimised by a careful balance of debt and equity, according to proponents of optimal capital structure (Atseye, Mboto & Lawal, 2020)

Because of these varying approaches to finance, Berger and Di-Patti (2006) found that companies do not adopt a standardised capital structure. Both internal and external factors influence a company's financial structure (Fiordelisi, Marques-Ibanez & Molyneux, 2011). Government taxation policy, inflation, and the state of the capital markets are all examples of external, or economic determinants (Margaritis & Psillaki, 2010). Capital structure is determined by factors such a company's growth rate, revenue, debt servicing capacity, and operating leverage, as stated by Baral (2004). Factors such as firm size, growth prospects, profitability, and non-debt tax shelters were found by Anake, Obim, and Awara (2014) to influence a company's capital structure. Capital structure is determined by factors such as tangibility, scale, income, turbulence, non-debt tax guard, and distinctiveness, as noted by Paun and Topan (2016). According to Abor (2008), the following factors were found to be predictors of capital and performance amongst Ghanaian enterprises (including mentioned and unquoted firms): the history of the firm, the size of the company, the asset structure, profit, growth potential, dividends expected, risk, and tax advantage.

Firm age

A company's age is a significant factor in its performance, especially for small and medium-sized enterprises (Adelino, Ma & Robinson, 2017). According to Shumway (2001), the number of years since a company was first listed is the most important indicator of its age from an economic perspective. According to the research by Marinova, Plantenga, and Remery (2016), a company's longevity impacts a variety of factors, including ownership and financial structure, the availability of growth prospects, and publicity in the media. A company's "age" can also be thought of as the amount of time that has passed since its inception (Akben- Selcuk, 2016).

According to Morgan, Kaleka, and Katsikeas (2004), a company's "age" is measured by the length of time it has been in the export business. According to Ainuddin, Beamish, Hulland, and Rouse (2007), a measure of a company's maturity is the time since its first foreign joint venture was formed. Noordin (2014) divided the lifespan of a business into three categories based on how long it had been in operation: “young firm” for enterprises that had been around for less than five years, “intermediate/mid age firm,” and “matured/established/ older firm,” for businesses that had been around for six to ten years. Both new and established businesses are distinguished by LiPuma, Newbert, and Doh (2013)'s classification system.

Sorensen and Stuart (2000) claim that older, more seasoned businesses generate more discoveries, but that these innovations are typically incremental and of lesser quality than those produced by newer, less seasoned businesses. As an additional point, Zahra (2003) noted that a company's age is a significant factor in determining its innovative potential as a result of years of acquired expertise and knowledge. According to Withers, Drnevich, and Marino (2011), company age plays a significant moderating influence in studies of small and medium-sized enterprises (SMEs), and older firms engage in more innovative activities than their younger counterparts. According to Gaur and Gupta (2011), the survival rate of firms grows with company age, while the hazard rate of firms decreases with time.

Enterprises with a longer history of operation are able to take advantage of economies of scale because they have more time to accumulate administrative resources and knowledge in their hosting communities than newer firms (Mayson & Barrett, 2006). The age of a company has a significant impact on the growth rate and growth volatility of that company (Bauweraerts, 2016). Assimilating new information with current firm skills in order to create new outputs that in effect lead to an overall rise in their performance is a necessary step in any innovation activity; hence, older organisations tend to hold more structured and established firm procedures as a result (Altman, Iwanicz-Drozdowska, Laitinen & Suvas, 2017).

Firms heighten their performance by way of developing sufficient skills meant for mitigating problems and risks associated with their businesses garnered based on their firm age (Rahman & Yilun, 2021). According to Noordin (2014), small and medium-sized businesses are more likely to fail during their first five years in existence than at any other time.

History of rural banks in Ghana

In 1976, Ghana established its first Rural Bank to aid the country's rural population by extending loans to new enterprises and farmers, as well as funding regional development initiatives (Atta Mills & Amowine, 2013). Members of the rural community control the shares of the limited liability companies (LLCs) that make up rural banks, which are formed under Ghana's Companies Code of 1963 (Act 179). (Nair & Fissha, 2010). The Nyakrom Rural Bank in Central Ghana is the best rural bank in all of Ghana (Nair & Fissha, 2010). For the purpose of sharing knowledge and enhancing the overall efficiency of rural banks, the Association of Rural Banks (ARB) was established in 1980. By the early 1980s, there had been a dramatic growth in the number of rural banks (Agyei-Mensah, 2012). There was a 64% growth in the number of successful banks between 1999 and 2001; by 2002, all 115 of Ghana's rural banks were publicly owned and operated (Musah & Adutwumwaa, 2021).

In 2006, the Bank of Ghana delegated regulatory authority over rural banks to the ARB Apex Bank, a clearing institution (Ackah, Kondegri & Agboyi, 2014). According to available data, by 2008, Ghana's Rural Banks had a total of 421 outposts, not counting their respective headquarters. This translated to a total of 548 customer service locations across the country (Appiah, Asamoah & Narkotey, 2015). That trend persisted until 2014, when there were over 730 Rural Banks around the country, for a total of roughly 135. (Wiredu, Labaran, Nketiah & Osibo, 2020), The Ashanti, Western, Eastern, and Central regions have the most Rural Banks in Ghana, however you can find one in every area (Ajai & Fissha, 2010). Presently, ARB APEX Bank is responsible for educating rural bank directors and mediating disagreements between rural bank members (Ajai & Fissha, 2010; Dadzie, Evans & Mack, 2010).

Functions of rural bank in Ghana

Rural Bank performs various roles in the lives of rural folks (Dadzie, Evans, & Mack, 2010). For example, Rural Banks provide basic financial services (e.g., loans and loan payment, credit, training, saving, deposits) to the rural people (Nyarko, 2013). Rural banks provide the following services: they function as a financial advisor, buy and sell on behalf of their clients; they acknowledge savings and time reserves; they sell local draughts; they act as a correspondent for other financial businesses; they recognise custody funds, files, and other valuable objects; and they rent safety deposits for the purpose of safeguarding these items (Michel, 2015).

In particular, Awo and Akotey (2012) mention the following as roles of rural banks: mobilising and lending capital to rural folks in their regions; aiding rural inhabitants in financial education; making a contribution to formative issues in the community via building of schools and health facilities; providing electricity and pipe-borne water; and granting scholarships to needy but brilliant students. In addition, Essel and Newsome (2000) note that the goals of Rural Banks include: fostering better banking practises among rural residents; attracting rural residents' savings into urban banking systems to fuel growth; and pinpointing economically viable enterprises in their service regions for investment and expansion.

Also, Boateng and Oduro (2018) have noted the aims of rural banks to include: they mobilizing savings /deposits from rural people and granting credits facilities to rural folks who need credits; they promoting economic activities in their operational areas; they (rural bank) contributing to the development of their operational areas as well as they making profits for their shareholders. Rural bank also helps in employing generations; skills development; poverty alleviations and in the financial empowerment of rural folks (Enu-Kwesi, Koomson & Baah-Mintah, 2013).

Roles and importance of SMEs on the economy

SMEs play important roles in their economies that is both in developed and developing economies. SMEs have supported economies in their income generation 1 and distribution (Beck, Demirgüç-Kunt & Maksimovic, 2005;

Kuratko, 2005), labour absorption and generation of employment (Abor & Biekpe, 2007; Kadri, Bunyaminu & Bashiru, 2013) and elimination of poverty (Ayyagari, Beck & Demirguc-kunt, 2007) which in turn promote sustainable development (Eniola & Ektebang, 2015; Roman & Rusu, 2011; Khan, 2015).

With the contribution of SMEs to employment and Gross Domestic Product (GDP) for example, the Organisation of Economic Co-operation and Development (OECD, 2004) has reported that SMEs has employed about 70 percent people and has contributed to over 55 percent to Gross Domestic Product (GDP) in developed economies and with developing economies, the corresponding percentage discovered were 95 percent and 70 percent, and in less developed economies the figures were 70 percent and 60 percent for jobs creations and GDP, respectively(OECD, 2004). SMEs was reported to have employed 22%' of the economically active people in developing economies (Masroor & Asim, 2019).

From the above literature we could indicate that developing in particular will need give great time to SMEs in order to develop economically (Imoughele, 2014). This is due to the fact that SMEs will facilitate the efficient use of raw goods, the creation of jobs, the acceleration of rural economic development, the promotion of entrepreneurship, and the mobilisation of local savings, all of which will greatly support the growth and advancement of emerging economies (Oluba, 2009). According to estimates, SMEs in Ghana's manufacturing industry account for between 85% of all jobs and 70% of GDP (Abor & Quartey, 2010). In a similar vein, the Ghana Statistical Service (GSS) estimates that SMEs accounted for 86% of total employment in 2012 and contributed roughly 49% of GDP (GSS, 2012).

SMEs access to rural banks financing

The ability to access funding is crucial to the growth and productivity of small and medium-sized enterprises. Legal and frameworks (coverage of creditor rights, allowing the use of collateral and credit information, banking and stock market laws) of financial institutions; the lending practises of local financial service providers marketplaces; the availability of credit guarantees; the capital environment; and the financial literacy of SMEs all play a role in determining the extent to which small and medium-sized enterprises (SMEs) have access to funding (Anane, Cobbinah & Manu, 2013). Kadriu, Krasnii, & Boari (2019) and Govori (2013) found that small and medium-sized enterprises (SMEs) have trouble securing sufficient funding due to factors including their elevated informality rates, higher risk profile, limited collateral alternatives, and inadequate accounting and financial management capabilities (Mutandwa, Taremwa & Tubanambazi, 2015). An annual unmet finance demand of $5.2 trillion, or 1.4 times its current rate of international MSME lending, is estimated by the International Finance Corporation (IFC) for the 65 million entities that make up 40% of formal Micro, Small, and Medium-sized Enterprises (MSMEs) in developing nations (IFC, 2021).

In addition, a study on small and medium-sized enterprises' (SMEs') access to credit in Indonesia measured and compared the outcomes of the Credit Guarantee Scheme (CGS) in rural and urban areas of Indonesia utilising data from the Indonesian Family Life Survey (IFLS) 2007 and 2014. This study found that SMEs in Indonesia lacked a credit guarantee and, as a result, had limited access to capital from formal financial institutions. The situation was even more dire in Sub-Saharan Africa, where only a minority (Buatsi, 2002).

This allegation about SMEs' restricted access to credit was backed up by data from Bani (2003) showing that a small fraction of SMEs really uses commercial bank loans or other forms of external financing.

Kwarteng, Sarpong, and Acheampong (2019) did a descriptive survey in Ghana to assess the impact of Rural Banks (Kwaebibirem Rural Bank on the growth of small and medium-sized enterprises (SMEs). The study's data came from surveys and interviews with SME clients and employees of Kwaebibirem Rural Bank Ltd. The study discovered that SMEs lack collateral to access to credits from financial service provided were experiencing serious challenges in accessing financing from rural banks. This normally affect the successful operations of SME and hence there is need to put in measure to improve SMEs access to finances and in order to enable SMEs to expand in their operations in various forms to promote sustainable economic growth and development (Eniola & Ektebang, 2014).

Effects of rural bank financing on the performance of SMEs

As demonstrated previously in this study finance remains a life blood for the successful operation of all businesses particularly, SMEs and in view of this, various literature have been conducted to assessed effect of Banks financing on the performance of SMEs and the economy for that matter (Danjuma and Teru, 2017; Abebe & Gemeda, 2020; Ayopo, Isola & Olukayode, 2015, Imoughele & Ismaila, 2013; Aladejebi, Ž019; Dada, 2014). Manzoor, Wei, and Siraj (2021) examined the impact of small and medium-sized enterprise (SME) access to bank financing on SME performance and rural development in Pakistan. To validate their assumptions, they used Confirmatory factor analysis and structural equation modelling using data collected from interviews with 338 SME owners in three rural regions selected using stratified random sampling. A direct correlation between SME success and rural development was discovered by the researchers. Accordingly, they claimed, SMEs' ability to gain access to financing from financial firms boosts both SME performance and economic growth.

In addition, Imoughele (2014) used Co-integration and Error Correction Modelling (ECM) to analyse the impact of commercial banks' credit on small and medium-sized enterprises (SMEs) in Nigeria between 1986 and 2012, finding that it had a positive effect on SME performance, which had a knock-on effect on GDP growth. The study also shows that the output of Nigerian SMEs is significantly affected by savings time deposits and exchange rate. They also found a negative correlation between high interest rates on credit facilities and the performance of SMEs, thus they advocated for these rates to be severely lowered and for financial institutions to increase their lending to small and medium-sized enterprises (SMEs) in rural areas.

Danjuma and Teru (2017) conducted a cross-sectional descriptive study using a sample size of 300 SMEs in the Zaria in Nigeria to determine the effect of Microfinance services on Performance SMEs in Zaria metropolis. The researcher used a questionnaire to generate data from the 300 respondent and had analysed the data with SPSS 20.0 performing a regression analysis and had reported that the microfinance services have significant impact on the level of performances of SMEs in Zaria metropolis and hence, the study recommended that the credit financial service providers should increase their financing to SMEs and that SMEs should also develop. the habit of saving with local financial service providers. Similarly, Ayopo, Isola and Olukayode (2015) employed the endogenous growth framework method to determine effect finance on business growth particularly entrepreneurship in Nigeria and had reported access to finance positive impact on the performance of businesses which in turn positively influence, interest rate, real GDP, unemployment and industrial productivity are crucial to entrepreneurship in Nigeria and hence their study recommend that stakeholder to create good business climatic condition an increase in the finance for SIMEs.

Most small and medium-sized enterprises (SMEs) believe that access to capital from financial firms has a positive impact on the successes (e.g., profitability) and advancement of their businesses, according to a survey performed in Ghana by Ampah, Ambrose, Omagwa, and Frimpong (2017) that examined the financial disparity for SMEs. Similarly, Anane, Cobbinah, and Manu (2013) used an ease study approach to assess the complexities of microfinance institutions (MFIs) and their impacts on development of 93 SMEs in rural Ghana, and they found that despite the challenges of late transfer of funds and repayment of loans, SMEs who were approved financial products and services were able to support their businesses, enhancing results, and guaranteeing prudent financial governance than those without financial provider. Their research concluded that SIMEs could only be maintained if stakeholders implemented procedures to guarantee prompt credit distribution, adaptable payback arrangements, and educational campaigns.

Challenges SMES face in accessing credits from banks

Generally, the constraints facing SMEs could be demand-based (SMEs) (e.g., managerial challenge) and supply-based (e.g., financial, technological, environment and marketing constraints) in their operation but it appears the availability and cost of capital is the most common and the most important challenge confronting SMEs (Lundström & Stevenson, 2005). In view, of this, various studies have been conducted to identify the challenges confronting SMEs access to finance from financial service providers and reported different factors limiting SMEs access to finance. Bank documentation and bureaucracy (Sharma & Gounder, 2012), high commissions (Roman & Rusu, 2011), costly bank service charges (Bartlett & BukviE, 2001), limited investment terms (Abor & Quartey, 2010), cash flow concerns (Cassar, 2004), lengthy procedures, and inadequate loan size are some of the factors that might negatively impact a loan application (Drakos, 2013). High risk of default among SMEs (Perera & Chand, 2015), the high risky nature of SMEs coupled with information asymmetries between SMEs and financial service providers (Zavatta, 2008); lack of or poor collateral (Aladejebi, 2019; Beck, Demirgüç-Kunt & Maksimovic, 2005; Razumovskaia, Yuzvovich, Kniazeva, Klimenko & Shelyakin, 2020).

Moreover, Beck and Cull (2014) has investigated the factors limiting SMEs access to finance banks across countries and had reported the majors factors limiting SMEs in developed countries access to finance were the intense competition in SME sector; the lack of adequate demand by SMEs, regulations, and macroeconomic factors with less developing economies factors limiting SMEs access to finance were listed to include the state of macro-economy; competition in the SMEs market and regulations ; contractual and legal environments.

In Ghana SMEs have been reported to have faced challenges in accessing finance from financial service providers (Oyefuga, Siyanbola. Afolabi, Dada & Egbetokun, 2008; Kowo, Adenuga & Sabitu, 2019).

Specifically, the Association of Ghana Industries (AGI) Afro Barometer Report listed that the main sources of barriers to finance for SMEs include: poor investment climate; lack of access to capital/high cost because, SMEs collateral (AGI, 2019). In sum, there are various factors inhibiting the access of SMEs to finance from financial institution ranging, social, political, culture, environmental and technological among others.

Empirical Review

Manurung and Manurung (2019) did a descriptive study on SMEs and the access to bank credit by SMEs in IndonAsia, where the factors that serve as hindrances on the part of SMEs in accessing credits from Rural Banks. The study which involved semi-structured face-to-face interviews of 50 respondents ascertained that improper record keeping, absence of proper collateral, high cost of financing served as hindrances to SMEs in accessing credit facilities. It also found out that cultural and patriarchal norms which do not allow women to own property served as barriers to women who owned SMEs. The research found that rural bank funding no longer heavily considered collateral as a crucial element in accepting or rejecting credit applications. This study overemphasised the elements that served as obstacles, but it did highlight the consequences of such obstacles on the success of SMEs.

Onyango and Achieng (2013) conducted a qualitative study on rural bank financing and SMEs using 80 participants selected from Rural Banks in Nigeria. The findings revealed that SMEs' access to loans from Rural Banks was impacted by factors including a lack of proper business planning, management, and a short credit history. The research showed that small and medium-sized enterprises (SMEs) can feel the effects of their operations when they are unable to have access to such financial facilities. The study's main flaw is that it didn't take into account the effects on SMEs' success but instead focused too much on how SMEs operate.

In a comparative study done by Liu, Zhang, Fang & Chen, 2022 in China where they compared the relationship between SMEs and their access to finance sources. The findings showed that there was heterogeneity in performance of SMEs as far as their access to finance from Rural Banks was concerned. The study thus, pointed out that in most cases SMEs concentrated in the same rural areas depended on the same Rural Banks for their sources of finance which in effects resulted in failure on the part of such Rural Banks to respond appropriately to their credit needs. The study concluded that the number of Rural Banks in area should be heightened based on the available firms and SMEs. This study failed to acknowledge other intrinsic and extrinsic factors that contribute to the access to Rural Bank financing by SMEs and how such factors impact on the performance of SMEs.

Conceptual Framework

This conceptual framework as shown in figure 1 was designed to examine Rural Bank financing and performance of Small and Medium-Sized Enterprises in the Jirapa Municipality.

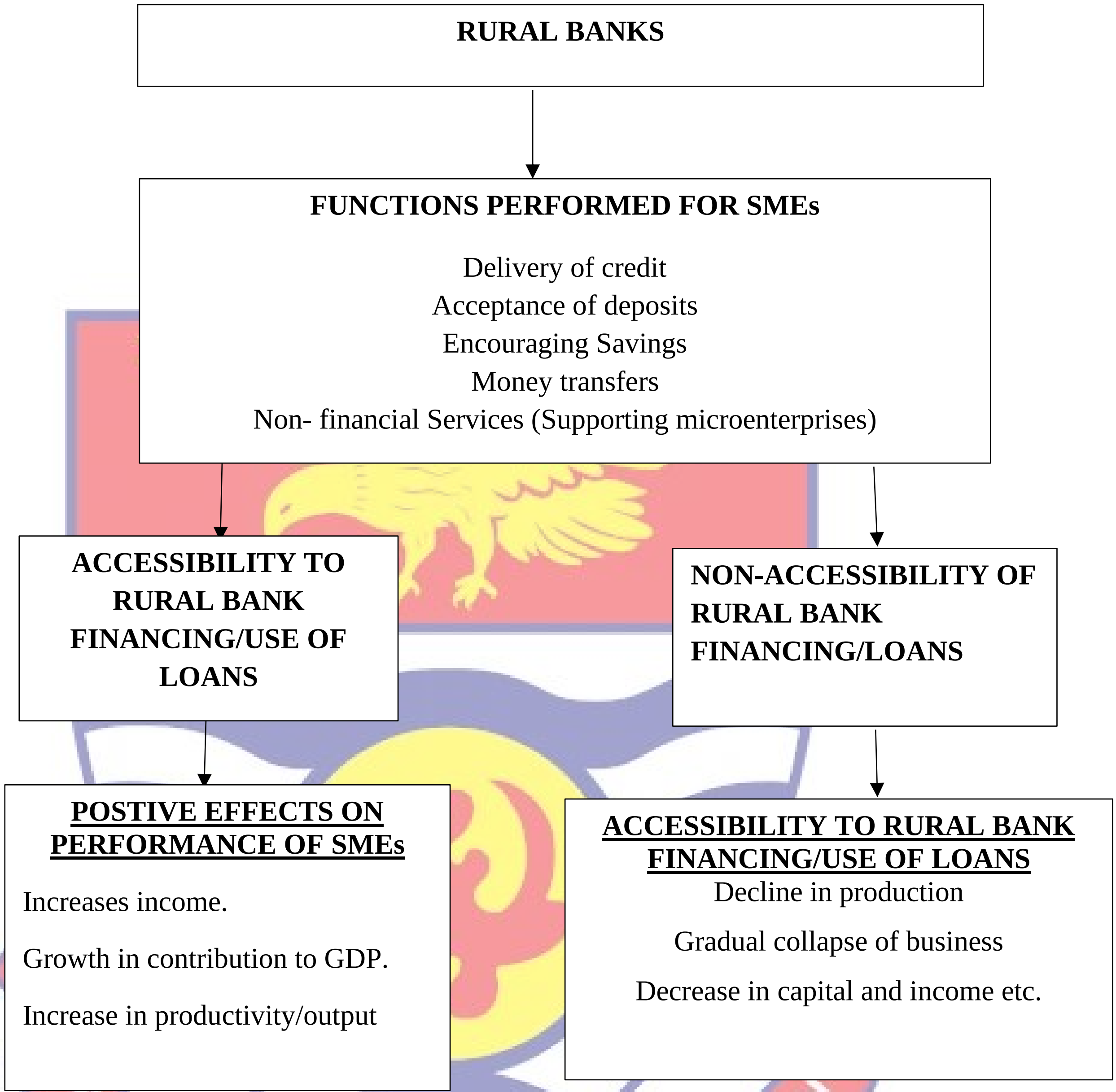

Figure 1: Conceptual Framework

Source: Author's own construct (2021)

There are core functions for which Rural Banks have been established with such functions having their effects on the performance rate of SMEs. Kadri, Bunyaminu and Bashiru (2013) argue that the functions performed by Rural Banks include delivery of credit, acceptance of deposits, encouragement of savings, money transfers and non- financial services to mention a few. However, for one to figure out the extent to which these functions are manifested in the performance of SMEs, there must be some prevailing factors such as: the SMEs accessibility to Rural Bank financing (credit) or their inability to access such forms of loans from the Rural Banks. In simple terms, these factors coupled with the functions of Rural Banks determines the effects rural bank financing have on the performance of SMEs. For example, according to the financed led growth theory, the roles of the financial institutions in this case that of the Rural Banks in supporting rural enterprises (SMEs) through the provisions of loans are seen as a vital tool for increasing the productive capacity of econokAies (Turner, 2017).

In cases where the SMEs are able to access the Rural Bank financing and loan facilities, SMEs tend to enjoy positive effects in their performance expressed in the form of increase in income, growth in contribution to GDP and overall increase in productivity/output among others. It is depicted from the framework that, there is a relationship between accessibility/usage and inaccessibility of rural bank financing and performance of SMEs since the way SMEs access loans brings about positive or negative effects on them in terms of their performance rate. The failure on the part of SMEs to access rural bank financing, averts them from putting such sources of finance into usage as such comes with negative returns like decline in production, gradual collapse of business and decrease in capital and income among others. Ultimately, by following the work described above, one can understand Rural Bank financing and the performance of SMEs.

Chapter Summary

This chapter by far discussed relevant literature on financing and performance of SMEs. It first touched on theoretical underpinnings of the SMEs such as financial led growth theory. It also reviewed relevant concepts such as

Small and Medium-sized Enterprises (SMEs) and factors influencing SMEs performance; financing of SMEs, capital structure and firm. The history and functions of SMEs in Ghana was discussed as well as their role in poverty reduction. The chapter also examined the effects of rural bank financing on the performance of SMEs and the challenges SMEs faced in accessing credits from banks. A conceptual framework depicting Rural Bank financing and performance of Small and Medium-Sized Enterprises in the Jirapa Municipality.

CHAPTER THREE

RESEARCH METHODS

Introduction

This chapter presents the findings of the study in a concise manner and describes the research methods that were utilised in the course of the investigation. The research design, the study area, the population, the sample and the procedures for sampling, the sources of the data, the procedures for data collection, the analysis of the data, and any ethical concerns are all included in this chapter of the study.

Research Design

The research used quantitative research design considering the nature of the study and the fact that the study sought to examine Rural Bank financing and the performance of SMEs in the Jirapa Municipality. The quantitative approach was employed since it allowed the researcher to generate rich quantitative results relevant for suitable conclusions (Goertzen, 2017; Khalid, Abdullah & Kumar, 2012).

Study Area

The study was conducted in the Jirapa Municipal in the Upper West Region. The Jirapa Municipality is located on the geographical coordinates 100 32' O" North, 20 42' 0" West. The then district was inaugurated in 1988 where it was called Jirapa Lambussie District until a new district was created out of the mother district in 2007 with the name Jirapa District. The then, Jirapa District gained the status of a Municipality on the 1 7th of March, 2018. The Ghana Statistical Service carried out a population and housing census in the year 2010, which revealed that the Jirapa Municipality had a total population of 88,402 people, of which 47.0% were male and 53.0% were female (GSS, 2012).

The Jirapa Municipal was chosen for this study because highest portions of its population (about 85.6 percent) of are residing in rural areas and it has a proliferation of SMEs too (GSS,2012),The Jirapa Municipality is suited for this study because it hosts only one Rural Bank namely the Sonzele Rural Bank established in 1 0 83 an agency in Han that complements the St. Joseph's Credit Union in providing banking services but that has not been enough to respond to the needs of the growing number of rural folks in the area and SMEs that have proliferated in the area

SMEs in Jirapa are seemingly poverty-driven or do not have the potential to innovate or increase productivity, this and other related factors influenced the researcher to choose Jirapa Municipal as the study area (GSS, 2012).

Population

The target population for the study was categorised into two which includes: first, some operators of SMEs with accounts at Sonzele Rural Bank in the Jirapa Municipality which specifically included trading SME operators, manufacturing operators and service SME operators with accounts at Sonzele Rural Bank with ample knowledge on Rural Bank financing of SMEs. The second category was made up of Banking staffs of Sonzele Rural Bank in the Jirapa Municipality.

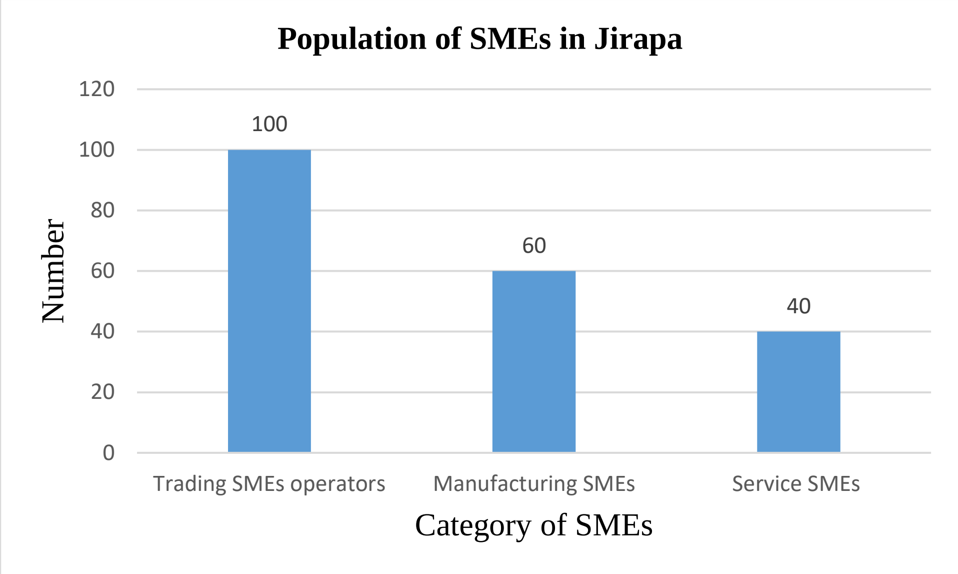

Figure 2: Population of SMEs in Jirapa

Source: Field Survey, (2022)

Data Sources

Primary and secondary data were used to complete the study. The study's primary data came from business owners in Jirapa Municipality who have accounts with Sonzele Rural Bank. These business owners had extensive expertise of rural bank financing for small and medium-sized enterprises (SMEs) and were interviewed to compile the study's findings. Primary data was also gathered from staff of the Sonzele Rural Bank in the Jirapa Municipality due to their in-depth knowledge on issues related to Rural Banking and SMEs. Primary data were collected primarily by means of questionnaire items. However, to supplement the primary data collected in the field, we also gathered pertinent secondary data from relevant publications, journals, newspapers, and reports.

Sampling Procedure

A multi-stage sampling method was employed. In the first stage, the researcher purposively selected SMEs owners who have bank accounts with the

Sonzele Rural Bank limited and Bank Staffs. Non-probability sampling was used at this phase, but the purposive sampling of 120 respondents in each of the selected categories was based on the deliberate decision of an informant to help the researcher decide what is needed to be known and then locate sources that can and will provide that knowledge or experience until a saturation point is reached (Delice, 2010). This was the best choice of sampling technique since it involves choosing the nearest, available and ready respondent until saturation point will be reached with the arrived sample size (Delice, 2010). In the last, stage the SMEs operators were stratified into four strata (Trading SMEs operators; Manufacturing SMES operators, Service SMEs operators, and Sonzele Rural Bank officials) and afterward, 30 respondents were randomly selected from each of the Stratum.

Pi = ni/N. Where pi proportion of population is included in stratum is the number of elements and N is the total number of the population. From this formula, 30 respondents will be selected from each of the Stratus in each of the three SMEs and rural bank staffs (Trading SMEs operators; Manufacturing operators; Service SMEs operators and rural banks staffs) in the Jirapa Municipal. Hence, the following formula will be used to determine the sample size of each stratum in each of the three SMEs categorized (Trading SMEs operators; Manufacturing operators; Service SMEs operators and Rural Bank staffs.

In all the researcher sample 120 respondents for the study which composed of 90 SMEs operators (30 Trading SME operators, 30 Manufacturing SME operators and 30 Service SME operators) and 30 Sonzele Rural Bank staffs. However, after the data collection and cleaning the sample size turned out to be 115 comprising 92 SMEs owners and 23 Sonzele Rural Bank staffs.

Data Collection Instruments

The study's primary data was gathered through a questionnaire with both open-ended and closed-ended questions. In order to collect information from Sonzele Rural Bank employees and SME owners, a questionnaire was developed and distributed. The questionnaire for the SMEs comprised the sections: Section A which captured general information of Firm; Section B which captured information on the socio-demographics e.g., age, educational level etc.) of SMEs operators and Section C which captured information on SMEs finance issues.

It asked respondents' questions on their access to rural bank credit, how they use credits from rural banks, the effect of rural bank credit on SMEs performance and the challenges SMEs face in accessing credit from Rural Banks. Specifically, for example, determine the effect on rural banks finance to the performance SMEs, SMEs were given some and tasked to use a 3-point Likert scale format of Agree (A) = l, Neutral (N) =2, Disagree (D) =3, to answer those question. There was a separate semi-structured questionnaire which was administered in the collection of data from the staff of Sonz le Rural Bank staffs too.

Data Collection Procedure

The goal of any data analysis should be to extract meaningful information from the information that has been gathered. Field data were adjusted to ensure the same set of questions were asked throughout the study. A unique serial number and identification code were assigned to each questionnaire for tracking purposes before the data was entered into a computer and analysed using Microsoft Excel. In particular, the STATA version 12 software was utilised in order to do the analysis. Afterwards, tables depicting the findings were provided. The study uses descriptive statistics (mostly frequencies and percentages) to characterise distributions of research variables.

Ethical Issues

Ethical considerations and the code of ethics of the University of Cape Coast were taken into account throughout the research. Supervisors were consulted to ensure the research topic was appropriate and wouldn't put respondents at risk. Before data collection could begin, a cover letter was requested from the University of Cape Coast's Department of Accounting in the School of Business to introduce the researcher and field assistants and to explain the purpose of the study.

Respondents were asked to give their informed permission. Researchers were able to accomplish this by giving participants enough background information so that they could make an informed decision about whether or not to participate in the study. In cases when respondents were hesitant to answer certain questions, we made sure to respect their right to privacy and not force them to. Additionally, participant anonymity was protected throughout the research process. Respondents were assured that they would remain anonymous and that their names would not be included in any published report of the study. In the end, respondents' requests for anonymity were respected. The researcher's usage of the respondents' personal information was limited to the conduct of research and was not shared with any third parties.

Chapter Summary

This section outlined the procedures that were followed to complete the research. There was discussion on things like the research methodology and the location of the study. We also talked about who we planned to study, where we would receive our data, how we would go about selecting our participants, and what tools we would use to actually gather our data. Finally, the chapter covered the methods of data analysis and processing that were implemented, as well as the ethical considerations that were made during this process. Results and discussion will be presented in the following chapter.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

Research findings are presented and discussed in this section. There are five sections in this chapter, it contains the descriptive statistics of the respondents (SMEs owners and bank staffs), how SMEs uses rural bank credits facilities, the effect of rural bank financing on SMEs and the Challenges SMEs faced in accessing credit facilities from financial institutions.

Socio-demographics and Socio-economic Characteristics of SMEs Owners

Talking about the age categories of the SMEs, the majority (54.4%) of the respondents were between the ages 31-40years with those under 21 years being the least with 8.7 % (Table I). The remaining (21.7% and 15.2%) of the SMEs owners were in the 21-30 years and over 40 years category. From the result we could deduce that about 84.5% of the owners of SMEs in the study area are in the ages of under 21-40 years category. This could be a window of ventilation for us to indicate that the youth in the study are venturing into SMEs. This finding is not surprising as the Global Entrepreneurship Monitor (GEM) 2012 report has revealed that the Ghanaian youth (18 to 34 ages) were leading in the operating of businesses (entrepreneurship) in Ghana (Castaño, Méndez & Galindo, 2015).

With Education, it was discovered that 26.4% had no schooling; 38.5% had Primary education with 28.6% and 6.6% having Secondary/ Middle school education and Tertiary education, respectively (Table 1). From the results it could be generalized that about 73.7% of the owners of SMEs in the study area were having some level of education. From, this descriptive result it could be hypothesized that people with some levels of education were venturing more into SMEs compared to their counterparts who had no schooling.

Table 1: Socio-demographic and Socio- Economic Characteristics of SMEs

Variable	Frequency	Percentage
Age		
Under 21 years	8	8.7
21-30years	20	21.7
31-40 years	50	54.4
Over 40 years	14	15.2
Educational level:		
No Schooling	24	26.4
Primary level	35	38.5
Secondary/ Middle School level	26	28.6
Tertiary level (HND, Degree, Master, PhD)	6	6.6
Years of Experience in Business		
Less than 5 years	27	29.7
5-10years	44	48.4
11-15 years	15	16.5
More than 15 years	5	5.5
Have you attended any entrepreneurial development or SME management Courses before:		
Yes	23	25
No	69	75

Source: Field data (2022)

Talking about the SMEs owners experience in business, the greater proportion (48.4%) of the owners have had 5-10 years of experience in business with rest of SMEs owners having less than 5 years (29.7%); 11-15 years (16.5%) and more than 15 years (5.5%) experience in business. From the result we could postulate that most of the SMEs owners (78.1%) in the study area were having business experience between less than 5 years and 10 years

When respondents were asked whether they have attended any entrepreneurial development or SME management courses before, it was discovered that only a few (25%) of the respondent have attended an entrepreneurial or SMEs management course before.

With, the remaining 75% of the respondent never benefiting from any entrepreneurial development or SMEs course before. This finding is worrying as the lack of training on SMEs / entrepreneurial could result to winding up/ closer of an enterprise.

Descriptive Statistics of SMEs/Enterprises

The majority (93.5%) of the SMEs in the study area had an employee ranging from 1-25 employees with only 6.5% of the SMEs having employees of 26-50 employees. This finding is closely related to a revelation made in Ghana, by the Ghana Statistical Service (GSS) and the National Board of Small-Scale Industries (NBSSI) that most of the SMEs in Ghana do not employ employee more than 29 staffs.

When asked about the main activities of the Enterprises, it was revealed that 34.8% of the respondents were into trading (e.g., petty trading; selling agriculture inputs) with 33.7% of them being into service provision and the remaining 3 1.5% of them being into manufacturing. This result is not surprising as it was revealed by the Global Entrepreneurship Monitor (GEM) study in 2012 that the majority of Ghanaian SMEs sector is dominated by agricultural sector (e.g., selling of agricultural inputs (22%); followed by the government service sector (more than 15%) and the manufacturing sectors (6.6%). Talking about kind/ form of business, the SMEs were into in the Study area; the majorities (94.6%) of the SMEs were solely owned by the owners with only 2.2% and 3.3 % of the SMEs being into the limited Partnership and Shareholding firm, respectively.

Table 2: Descriptive Statistics of SMEs/ Enterprises

Variable	**Frequency**	**Percentage**
Number employees (including the owner in the		
enterprises)	86	93.5
1-25 employees	6	6.5
Main Activity of the Enterprise:		
Trade	32	34.8
Service	31	33.7
Manufacturing	29	31-5
Form of business organization:		
Sole ownership	87	94.6
Limited Partnership	2	2.2
Shareholding firm	3	3.3
Number of years the Enterprise has been in		
business:	40	43.5
0-5years	32	34.8
6-10years	15	16.3
11-15 years	3	3.3
16-20years	2	2.2
Over 20 years		
Enterprise Having a business plan:		
Yes	41	46.1
No	48	53.9

Source: Field data (2022)

Results from the Table 2 further indicated that 43.5 % of the SMEs owners were in business for 0-5 years with only a few (2.2%) of the SMEs being business for over 20 years. The remaining 34.8%, 15.3 and 3.3% have been in business for 6-10 years, 11-15 years and 16-20 years, respectively (Table 2). A possible reason for this result might be because; it was revealed previously in this study that the majority (84.5%) of the SMEs owners in the study area were youth (21-40 years).

When the respondents were asked whether their enterprise had business plan, only a few (46.1 0/0) of the SMEs had indicated they had a business pan with more than half (53.9%) of the respondents revealing they do not have a business plan. A possible reason for this result may be because, it was revealed in this study that the majority (75%) of the respondents in the study have never had any training or attended a workshop on SMEs management and because, of this they might be ignorance about the importance of having business plan for their enterprise.

The majority (89.1%) of the respondents had their business start-up capital from their personal saving with the remaining 4.4 % and 6.5% of them revealing they had their business start-up capitals from assistance from family/friends and Bank financing respectively (Figure 2).

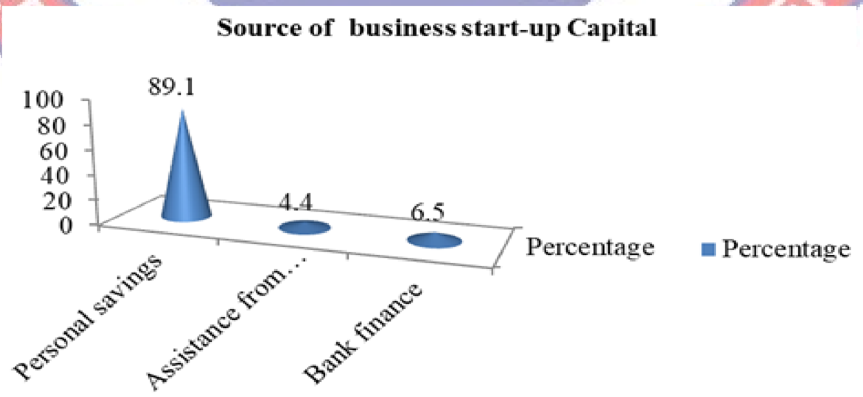

Figure 3: Source of Start-up Capital

Source: Field data (2021)

Descriptive Statistics of Rural Bank (Sonzele rural bank ltd) Staffs

This case study among also interviewed the staffs of Sonzele rural bank ltd which was the only rural bank in the study area. The results from the banking staffs are presented and discussed below.

The study interviewed all the staffs (23 people) of the Sonzele rural in the Jirapa branch which is the head office for the Sonzele rural ltd. It was discovered that the majority (91.3%) of the respondents in the bank were males with the remaining 8.7% being females (Table 4.3), The composition of staff of the bank were; Account Clerk (21.7%); Assistant Accountant (13.0%); Cashier/ customer representatives (17.4%); Cleaner (8.7%); Field Officer/mobile banker (13.0%); Head of Operations (4.3%); Internal Auditor (4.3%); Senior staff (4.3%); System administrator (4.3); Project / loan officer (4 3%) and a secretary (4.3%).

In terms of the marital status of the staffs of the Sonzele rural bank ltd, 82.6% of them were married with the remaining 17.4% being single (Table 3). With education level, the majority 65.2% of the staffs of Sonzele rural bank ltd have had a tertiary education with the 30.4% having indicating they have had diploma education with only (4.4%) having secondary level education (Table 3).

Table 3: Descriptive statistics of Sonzele Rural Bank Staff

Variable	Frequency	Percentage
Sex		
Male	21	91.3
Female	2	8.7
Marital status		
Married	19	82.6
Single	4	17.4
Education level		
Secondary	1	4.4
Diploma	7	30.4
Tertiary	15	65.2
Experience/years spent in the bank		
1-10	18	78.3
11.20	5	21.7
Staff composition/position		
Account clerk	5	13.0
Assistant Accountant	3	17.4
Cashiers/ customer Representative	4	8.7
Cleaners	2	13.0
Field officers/Mobile bankers	3	4.3
Head of operations	1	4.3
Internal auditor	1	4.3
Senior Staff	1	4.3
System administrator	1	4.3
Project/Credit officer	1	4.3
Secretary	1	4.3

Source: Field data (2021)

Talking of their banking experience, the majority (78.3%) of the respondents (bank staff) in the Sonzele rural bank ltd have had a banking experience ranging from 1-10 years with the remaining (21.7%) of the staff having a banking experience between 11-20 years.

The Sonzele Rural Bank Ltd provide loans (82,6%); remittances (13.04%) and insurance (4.35%) services and products for its clients in the study area (Figure 3).

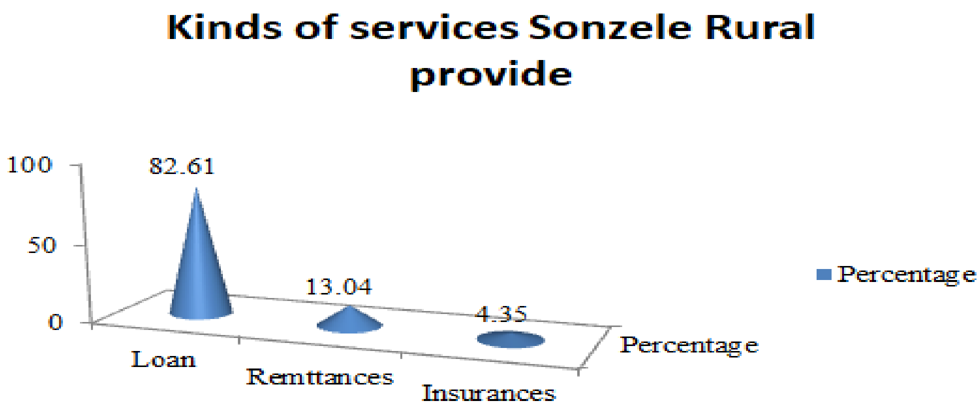

Figure 4: Kinds of Services Sonzele Rural Bank provides

Source: Field data (2021)

The Sonzele Rural Bank Ltd uses FM Radio (47,894); seminars and floats from the bank (34.8%) and officers from the bank (13%) and the Print media (4.4%) as the medium to advertise their products and services to the customers in the study area (Table 4). Talking about the types of loans/credit they offer to SMEs in the study area, it was revealed that Sonzele Rural Bank Ltd offer commercial loan (43.5%) and credit with educations (43.5%) with manage loan (13%).

Just like in most financial institutions the Sonzele rural normally required collateral (91.3%) from SMEs before the can grand loans to them, The Sonzele rural bank normally require individual guarantor (60.9%) and group guarantee (30%) and personal guarantee (8.7%) from SMEs before they could grant a loan to SMEs that requested for a loan facility (Table 4). This result implies that rural banks prefer individual guarantor system as collateral for offering its loans facility.

With an average annual loan rate of 30%, the Sonzele rural bank offer loan to SMEs in the following durations: 1-6 months (9.1 0/0); 6-12 months (36.4%); 1218 months (50.0%) and 18-24 months (4.6%). This implies that the bank prefers to give short term loans. It has demonstrated by this result that only a few (4.6%) are being granted with a loan duration of 18-24 months.

All the staffs (100%) of Sonzele rural bank revealed they normally give pre and post loan training to SMEs with the pre-loan training/ before granting loan being (78.3%) and the post loan training/ after granting loans training (21.7%).

When the staffs were asked whether they believed that the loan credit they have given to SMEs has helped boost their performance, all (100%) of the staff indicated that the loan has boosted the performance of SMEs. This finding further intensifies the postulation that Rural Bank financing has a positive effect on SMEs performance.

The loan repayment rate was 80%. This implies that there still some issues of non-performing loan in the Sonzele Rural Bank.

Respondents Source of Funding and Access to Banking Services from Sonzele

Rural Bank

The study further discovered that the main source of fund for SMEs was internal fund (65.2%) with the sources of funding being micro finance (Rural Bank) (16.3%); Trade Credit (10,994) and Equity finance (7.6%). There was government assistance to SMEs in the study area (figure 3). From the result we indicate that SMEs in the study could have access to their financing from internal source or external source (Pretorius & Shaw, 2004). The internal sources include funding provided by the SMEs owners themselves, with the external sources being financing from (e.g., financial banks/ rural banks, individual investors, venture capital, crowd funding). This finding is similar to a study conducted by Ampah, Ambrose, Omagwa and Frimpong (2017) in

Ghana, where he listed the main channels of finance for SMEs in Ghana to include trade credit, bank overdraft and bank loans.

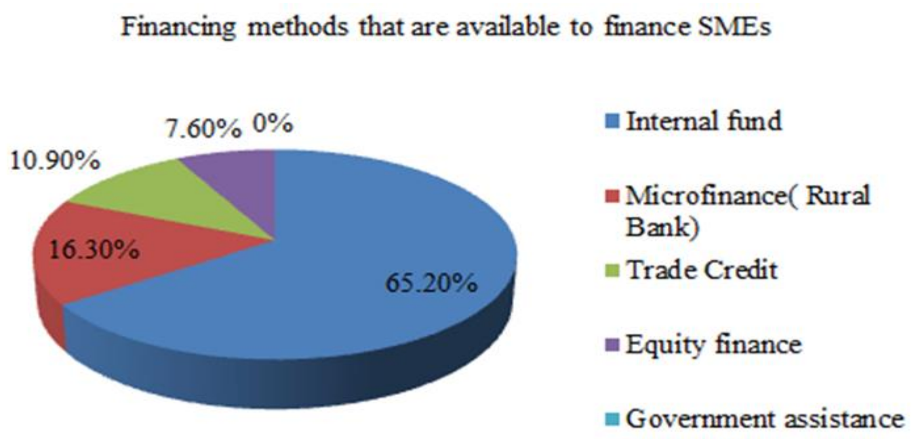

Figure 5: Financing Methods that are available to finance SMEs

Source: Field data (2021)

The majority (72.8%) of SMEs owners in the study area have banking services from a rural bank before with 25.2% of them revealing they have not had any banking services from a Rural Bank before (Table 5).

Of the respondents who revealed they have had banking services with the rural bank before, 85% of them have had SMEs banking services from rural banks with the remaining 9% and 6% receiving cash management and business advice services from the Rural Banks (Table 4).

Table 4: Respondents Access to Banking Service

Variable	Frequency	Percentage
Do you have banking service from rural bank (Sonzele rural bank)		
Yes	67	72.8
No	25	25.2
What kind of service did you received from the bank:		
SME banking	53	85.0
Cash management	6	9.0
Business advice	4	6.0
Have you had access to Sonzele Rural credit before (e.g., loan):		
Yes	39	42.4
No	53	57.6
Type of financing your enterprise request from the rural bank:		
Overdrafts	1	2.6
Business Instalment Loans	34	87.2
Express Trade	1	2.6
Trade Finance	2	5.1
Working Capital facility	1	2.6
Reason for choosing Sonzele Rural bank:		
That was the only financial institution in my area	8	20.5
That was the only financial institution in my area	18	46.2
I thought other financial	1	2.6
Institutions would reject the application	12	30.8
I thought Sonzele rural bank financial institution would offer the best terms		
Why didn't you have access to the credit from the Sonzele rural bank:	16	30.1

Table 4 continued

The inability to provide	25	47.2
collateral	12	22.6
Weak financial position of the firm		
Lack of relationship with bankers		
Types collateral use for loan:		
Personal guarantees	39	100
In process of applying and obtaining the loan from rural bank, how was it		
Very easy to obtain	18	46.2
Very difficult to obtain	21	53.8

Source: Field data (2021)

When the respondents were asked whether they have had Rural Bank credit before, only a few (42.2%) of the SMEs owners revealed they have had access to rural bank credit before with the majority (57.6%) revealing they have not had access to rural bank credit before (Table 5). From the result we could postulate the majority (57.6%) of SMEs in the study lack access to rural bank credit. This finding is not surprising as it had been revealed that SMEs in the developing countries (in Ghana) lack access to credit (Oyefuga, Siyanbola, Afolabi, Dada & Egbetokun, 2008; Kowo, Adenuga & Sabitu, 2019). Beside in Sub- Saharan Africa only 5% to 6% of the entire populations were reported to have had access to financial service from the banking sector (Klimenko & Shelyakin, 2020). The result conforms to other previous studies which have revealed the majority of SMEs were lacking adequate financing (Aladejebi, 2019).

Of the respondents who have had access to credit the majority (87.2%) of them have had business instalment loans from rural banks with 2.6% of them having, bank overdrafts, working capital facility and express trade, respectively. The remaining (5.2%) of the respondents have had trade finance from rural bank before (table 5). All the respondent (42.2%) who have had credit have done personal guarantee as means of collateral in order to secure the loans (Table 5). When the respondents were further asked why they have chosen the Sonzele Rural bank over other banks, from Table 5, the majority (46.2%) of the respondent revealed that they have chosen the Sonzele Rural over the other banks because, it was the only financial institution in their area.

The other reasons why they have chosen the Sonzole Rural bank over the other banks were: it was the regular financial institution for their business (20.5%); they thought the other financial institutions would reject the application (2.6%) and they thought Sonzele rural bank financial institution would offer the best terms (30.8%). From this result we could postulate that the only financial institution in the study is the Sonzele Rural bank and there is therefore no wonder that the majority (57.60/0) of SMEs do not have access to credit in the study area.

When 42.4% of respondent who have had credit from rural were asked to indicate in their own opinion how the process of applying and obtaining the rural bank finance was, the majority (53.8%) of the respondents revealed that it was very difficult to obtain the loan with the remaining (46.2%) of the respondents indicating that it was very easy to obtain the loan from the rural bank (Table 5). The respondents who indicated it was very difficult to obtain the loan cited high interest rate (67.5%); insufficient loan amount (20%); Short time loan duration (2.5%); Unfavourable repayment conditions (5%) and unreasonable level of security (5%) to be some of' the major challenges in access loan from rural banks (Figure 4).

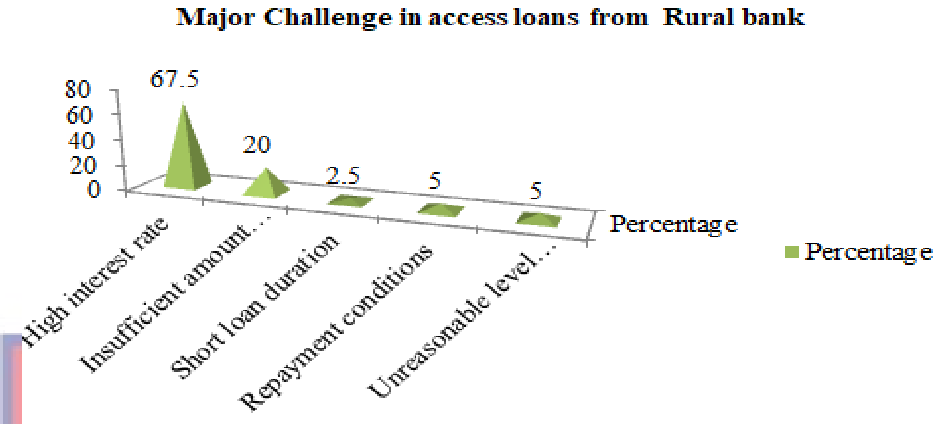

Figure 6: Major challenge in SMEs faced in access Rural Bank loans

Source: Field data (2021)

Moreover, of 57.6% of the respondents who indicated they have no access to rural bank funding, they revealed the inability to provide collateral (30.1 0/0); weak financial position of their firms (47.2%) and lack of relationship with bankers (22.6%) to be the reason why they could not access credit from the Sonzele rural bank.

The majority (60.4%) of the respondent had revealed they have applied for credit for the purposes of expanding their business. With remaining 31.3 % and 8.3% of the respondents indicated they had applied for credit for purposes of modernizing their businesses and for the credit to be used as working capital, respectively (Figure 6).

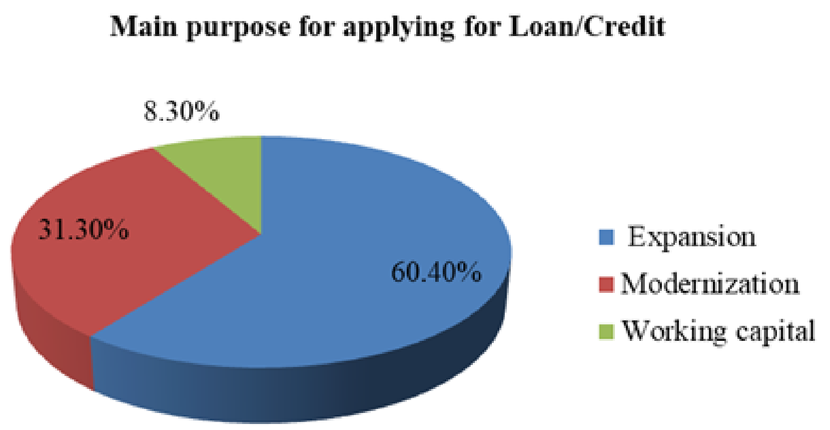

Figure 7: Main purpose for applying for loans/credit

Source: Field data (2021)

Uses SMEs Put Rural Bank Financing to

Talking of the uses SMEs put the finance into, the respondents were asked to indicate how effective they have used the loans from the Rural Bank, the majority (97.4%) of respondents had revealed they have effectively used the loan with only (2.6%) indicating they did not effectively used the loan they acquired from the rural bank (Figure 7).

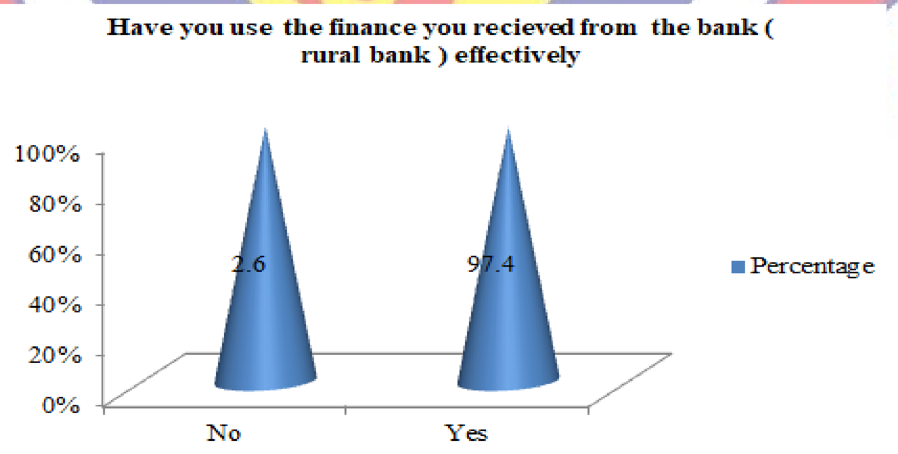

Figure 8: Have you used the Credit/Loans you received from the Bank effectively

Source: Field data (2021)

Uses SMEs Put Rural Bank Financing Into

Talking of the uses SMEs put the finance into, the respondents were asked to indicate how effective they have used the loans from the rural bank, the majority (97.4%) of respondents had revealed they have effectively used the loan with only (2.6%) indicating they did not effectively used the loan they acquired from the rural bank (Figure 8).

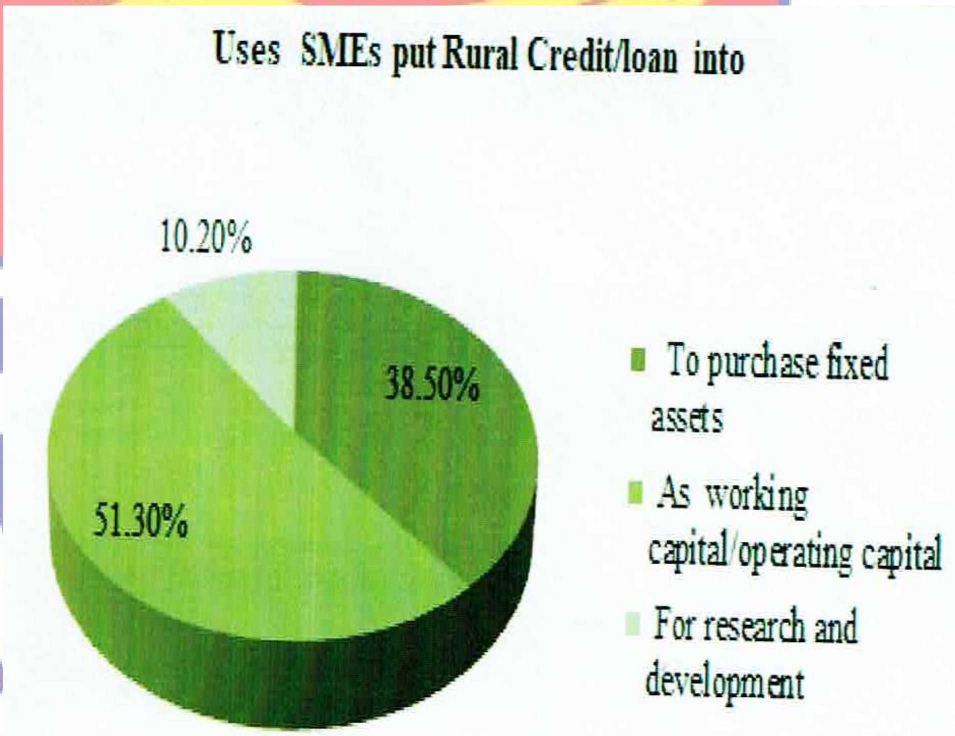

Figure 9: Uses SMEs put finance provided by Financial Institution (Rural Bank)

Source: Field Data (2021)

From the result in figure 8, we could postulate that SMEs in the study area use the loans/credit to purchased fixed asset (38.5%), as a working/ operating capital (51.3%) and for research and development (10.2%).

Effect of Rural Bank Financing on SMEs

In determine the effect of Rural bank financing on SMEs, the respondent was tasked to indicate how rural bank financing has contributed to the growth of their business. Generally, from figure 9, it was revealed by the majority (94.9%) of the respondents that the credit they received from the rural bank has a positive impact on their business with the remaining (5.1 0/0) revealing the credit they have received from the rural bank has no positive impact on their business. Has the Credit you received from the rural bank impacted positively to your business

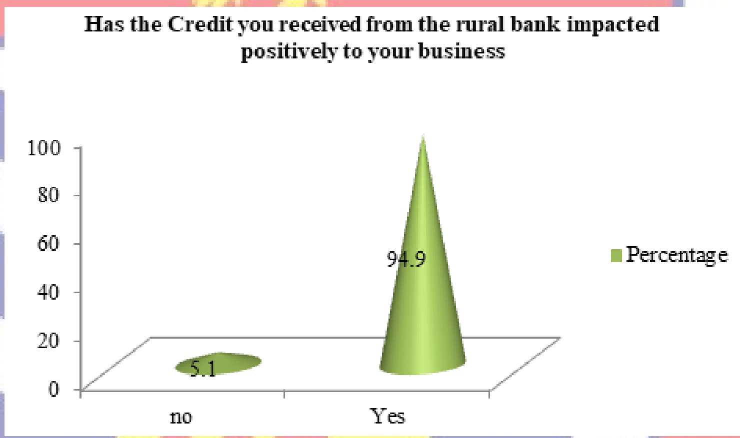

Figure 10: Has the credit you received from the Rural Bank impacted positively to your Business

Source: Field Data (2021)

Among those, who indicated that Rural Bank credit had impacted positively to their business, the majority (64.1%) of the respondents revealed that rural bank loans facilities has helped them to expand their SMEs. Also, 25.6% of the respondents revealed that rural bank loan facilities have help increased their capital with 7.7% of the respondents indicating that rural bank facilities have help them to set up other businesses and the remaining (2.6%) of the respondents revealing that rural bank has help improved the general standard of living of their SMEs (Figure 10).

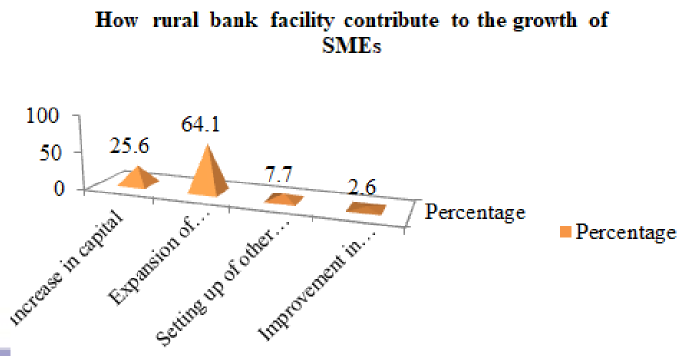

Figure 11: How Rural Bank facility contribute to the growth of SMEs
Source: Field Data (2021)

From this result, we could indicate that rural bank facility positively affects the growth of SMEs in the form of business expansion, increases in capital, setting up of other businesses and increase in the general standard of living of the SMEs. This study further solidified findings from previous studies which shows that the financial institutions facility contributes to the growth of SMEs (Danjuma & Teru, 2017; Ampah, Ambrose, Omagwa & Frimpong, 2017).

Furthermore, the study used a three lickert Scale (Agree, Neutral and Disagree) to assess the effect/ contributions of Sonzele Rural Bank Ltd products and services to the growth and sustenance of the respondents' businesses over time. The results are presented in Table 6. The majority (89.7%) of the respondents have agreed that rural banks loans has helped them to expand their business with only (10.5%) indicating they could not indicate whether rural bank facilities have contributed to the expansion of their business or not (Table 6). Similarly, 89.7% of the respondents have also indicated that rural banks facilities have helped their working capital with 10.5% being indecisive as to the contribution of rural bank facility to their working capital.

It was further discovered that rural bank products and service has helped (61.5%) of SMEs to purchased fixed assets but (12.8%) of the respondent disagreed that rural bank credit facilities have help them to purchased fixed assets, The remaining (25.5%) could not tell whether rural banks loans facilities have help them to purchased fixed asset or not (Table 6).

In responding to whether loans facilities offered by the Rural Bank were used for purchasing raw materials, 41.0% of the respondents revealed that the Rural Bank have contributed to the growth and sustenance of their business with the remaining, being (46.2%) and disagreeing (12.8%) with the fact that rural banks has helped them in the buying of raw materials (Table 6). Moreover, 51.3% of SMEs owners in the study had agreed that rural bank product and services has helped increase productivity and output in their enterprises. (17.9%) of the respondents however, disagreed that rural bank products and services has contributed to an increment of in their business productivity and output with the remaining (30.7%) revealing they were indecisive as to the contribution/ effect of rural bank facility to productivity.

Furthermore, 48.7% of the respondents revealed that Rural Bank products and services have helped them to adopt appropriate technology and input with only a few (7.7%) disagreeing that rural bank products and services have help them to adopt appropriate technology (Table 6). Similarly, the majority (66.7%) of the respondents have revealed that rural bank I can facility has helped them to acquire new skill and techniques to manage their enterprise with 25.6% of them being indecisive and the 7.7% of them disagreeing that Rural Bank Products and Services had helped them in acquiring new skills and techniques for managing their businesses.

Table 5: Effect to Rural Bank Products and Services on the growth SMEs

Statement	Agree	Neutral	Disagree
Rural bank products and services have help you in the expansion of Business	35 (89.7%)	4 (10.5%)	
Rural bank products and services has help increase working Capital	35 (89.7%)	4 (10.5%)	
Rural bank products and services have help you to purchased fixed assets	24 (61.5%)	10 (25.6%)	5 (12.8%)
Rural bank products and services have help you to open new branches	11(28.2%)	18 (46.2%)	10 (25.6%)
Rural bank products and services have help you in the buying of raw materials	16 (41.0%)	18 (46.2%)	5 (12.8%)
Rural bank products and services have helped you to increases productivities and output	20 (51.3%)	12 (30.7%)	7 (17.9%)
Rural bank products and services have helped you to adopt appropriate technology and input	19 (48.7%)	17 (43.6%)	3 (7.7%)
Rural bank products and services has help you to acquire new skills and techniques to manage your business	26 (66.7%)	10 (25.6%)	3 (7.7%)
Rural bank product and services has help to increases the distribution channel of my business	18 (46.2%)	18 (46.2%)	3 (7.7%)
Rural bank product and services has held you to increases sales	33 (84.6%)	4 (10.3%)	2 (5.1%)
Rural bank loan help increases your business profitability	30 (76.9%)	2 (5.1%)	7 (17.9%)
Rural bank loans help you to intensify your competition with other business	18 (46.2%)	20(51.3%)	1 (2.5%)
Rural bank loans help you to employ more/ create more new jobs	34(87.2%)	5(12.8%)	

Source: Field data (2021)

Talking about the effect of Rural Bank products and services have on their increased sales, from Table 6, it is obvious that (84.6%) of the respondent revealed that Rural Bank financing help them to increase their sales with only a few (5.1 0/0) of the respondents revealing that Rural Bank financing do not have an effect on their sales.

Furthermore, 76.9% of the respondents have revealed that Rural Bank loans facility has helped them to increase the profitability of their business with 17.9% disagreeing that rural bank facility has help them to increase their profitability. The remaining, (5.1 0/0) of respondents were neutral about the effect of rural bank credit on their business profitability. From the result we postulated that rural bank credit facilities positively affect the profitability of SMEs. This is similar to the finding in Ghana that when SMEs access funds from financial institutions it in turn have positive effect on the performances (e.g., profitability) and development of their businesses (Ampah, Ambrose, Omagwa & Frimpong, 2017).

Moreover,, 46.2% of the respondents have revealed that Rural Bank loans help them to intensify your competition with other businesses with 51.3% being indecisive (neutral) that rural bank loans help them to intensify their competition with other businesses and the remaining (2.5%) disagreeing to that rural bank loans help them to intensify your competition with other businesses (Table 6). It was further revealed that by 87.2% of the respondent that rural bank loans help them to employ more/ create more new jobs with remaining 12.8% indicating they were uncertain that rural bank loans help them to employ more/ create more new jobs (Table 6). From the result we could indicate that rural bank financing has a direct relation to SMEs employment creation. This finding is similar to a study in Nigeria when SMEs have access to finance it will positively influence the performance of businesses which in turn will positively influence, interest rate, real GDP employment creation and industrial productivity (Ayopo, Isola & Olukayode, 2015).

From the results above, we could postulate that SMEs to access to credit will positively increase the profitability, business expansion, increases in capital, setting up of other businesses and increase in the general standard of living of the SMEs which allow them to purchased fixed assets, raw materials and learning of new technology as well as employing more hands which will in turn increase their productivity and output of their enterprise. Similar findings were reported by previous study on the effect of financial institution financing on SMEs (Freel, Carter, Tagg & Mason, 2012; Guay, Samuels & Taylor, 2016; Musah & Adutwumwaa, 2021; Wiredu, Labaran, Nketiah & Osibo, 2020; Michael, 2015; Boateng & Oduro, 2018; Khan, 2015; Kadriu, Krasniqi & Boari, 2019). Challenges SMEs faced in Accessing Rural Bank Credit Talking about challenge SMEs faced in accessing credit from Rural Bank. The respondents ranked lack of guarantees or collateral as the major challenge limiting them from accessing credit from financial institutions (Table 7). This finding in not strange it has been revealed previously in by this study that 30.1% of the respondents who have applied for loan facilities were not able to secure the loan because they could not provide collateral. This is similar previous study that have revealed that lack of or poor collateral was the major challenge facing SMEs access to Bank credit (Boateng & Oduro, 2018; Khan, 2015).

The second constraints to SMEs accessing finance were their lack of track record. This is not surprising as it has been revealed that most of the business in the study did not have business plan and it could be that most the business were not registered. This constraint could be considered as a managerial challenge (Michael, 2015).

High risk associated with the project was ranked third most sever challenge that hit SMEs hard in their quest to accessing credit (Table 7). Most financial institutions are always shying away from risky investment but the as revealed previously in by this study the majority of the SMEs into agriculture activities and the agriculture and the real estate sectors are always very fragile and because, that financial institution are always reluctant to grant them loan. This is similar to the finding by previous study that the high risky nature of SMEs coupled with information asymmetries between SMEs and financial service providers a challenge to SMEs access to finance from financial institutions (Turyahikayo,2015).

Table 6: Challenges SMEs face in accessing credit

Challenge	Frequency	Percentage	Rank
High risk associated with the project	16	17.4	3rd
Lack of track records	25	27.2	2nd
Lack of guarantees or collateral	36	39.1	1st
Lack of convincing business plan	11	12.0	4th
Inadequate source of repayment	4	4.3	5th

Source: Field data (2021)

Lack of Convincing business plan was ranked as the 4th challenged affecting SMEs access to credit (Table 7), Finally, an inadequate source of repayment was the next challenge affecting SMEs access to finance from rural banks Moreover, the bank staffs were also tasked to indicate their perception about some of the challenges they faced in providing their bank products and services to SMEs client contribute to the challenges face in your businesses over time. To the banking staff their challenge to granting loans to SMEs was the fact that SMEs lack adequate proper business documentation (26.1 0%). This was followed by inadequate proper monitoring by credit officers and staff influence in given out loans which were ranked the 2nd challenges confronting rural banks when intend to grant or grant loans to SMEs (Table 8). The bank staffs further ranked, customers business failure; high default rate and inadequate proper appraisal as the 4th challenges the faced in granting loans to SMEs and remaining staffs (4.3%) ranked bad board imposition to implement proper Strategies; inadequate collateral securities from clients and the diversion of loan to other social services by clients, respectively as the challenges they faced in granting loans to SMEs.

Table 7: The challenges SMEs face in accessing credits

Challenge	Frequency	Percentage	Rank
Inadequate proper appraisal	2	8.7	4th
Inadequate proper monitoring by credit officers	3	13.0	2nd
Bad board imposition to implement proper strategies	1	4.3	6th
Staff influence in given out loans	3	13.0	2nd
Inadequate collateral securities from clients	1	4.3	6th
Diversion of loan to other social service by clients	1	4.3	6th
Customers business failure	2	8.7	4th
High Default Rate	2	8.7	4th
Inadequate proper business documentation	6	26.1	1st

Source: Field data (2021)

From the above result we could indicate SMEs faced several challenges ranging from social, political, culture, environmental and technological among other.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This final chapter will aim to provide a synopsis of the study process and the most important results. The chapter also includes the results of a study, interpretations, and conclusions, as well as any suggestions for future research. Future research directions were proposed based on the results of this study.

This research set out to analyse the success and efficiency of Rural Bank funding for small and medium-sized enterprises (SMEs) in Jirapa Municipality. There was a strong focus on learning whether or not small and medium-sized enterprises (SMEs) in the Jirapa Municipality have access to loans from Rural Banks. The study also determined how small and medium-sized enterprises (SMEs) in Jirapa Municipal have used loans from Rural Banks. The purpose of the study was, once again, to ascertain the impact of Rural Bank financing on the success of SMEs in the Jirapa Municipal. Finally, this research set out to investigate the barriers that small and medium-sized enterprises (SMEs) in Jirapa Municipality confront while trying to apply for and receive loans from Rural Banks. 151 participants were selected through a multi-stage selection process for the study. The data was gathered from the respondents through the use of questionnaires. For this study, quantitative analytic methods (frequency distributions, percentage breakdowns, etc.) were used to analyse and examine the collected data.

Summary of key Findings

Based on the analysis presented in this research, the following findings were established from the research objectives

1. The main source of fund to SMEs were internal fund (65.2%); micro finance (rural bank) (16.3%); trade credit (10.9%) and equity finance (7.6%). Only a few (42.2%) of the SMEs have had access to Rural Bank credit before with the majority (57.6%) revealing they have not had access to Rural Bank credit before.
2. Out of the respondents who have had access to credit, majority (87.2%) of them have had business instalment loans from Rural Banks with 2.6 % of them having, bank overdrafts, working capital facility and express trade, respectively.
3. Majority of the respondents (97.4%) revealed that they effectively used the loan, with only (2.6%) indicating they did not put the loans acquired from the Rural Banks to effective usage. Specifically, majority (51.3%) of respondent indicated they used the credit as a working/operating capital, with the remaining (38.5%) and (10.2%) of the respondents revealing they used the credit/loans to purchase fixed assets, for research and development purposes, respectively.
4. It was revealed by majority (94.9%) of the respondents that Rural Bank credit had a positive impact on the business of SMEs who benefited from-such credits, with the remaining (5.1%) revealing that the credit they received from the Rural Bank had no positive impact on their businesses. Specifically, Rural Bank financing helped in the expansion of SMEs (64.1%); increased working capital (25.6%); enhanced the setting up of other businesses (7.7%) and improved the general standards of SMEs (2.6%).

5. The study discovered that lack of guarantees or collateral (39.1 0/0); lack of track record (27.2%); high risk associated with the project (17.4%); lack of convincing business plan (12.0%) and inadequate source of repayment (4.3%) were the major challenges facing SMEs access to finance. However, to the banking staff the challenges faced in granting loans to SMEs were lack of adequate proper business documentation (26.1%); inadequate proper monitoring by credit officers(13.0%) ; the forceful influence Of staff in the processing of loans (13.0%); business failure of customers (8.7%); high default rate(8.7%); inadequate proper appraisal(8.7%) ; bad board composition in implementing proper strategies (4.3%) ; inadequate collateral securities from clients (4.3%) and the diversion of loan to other social services by clients (4.3%).

Conclusions

The following conclusions were drawn based on the findings of the study:

1. The lack of access to financing is prevalent on the part of SMEs in the Jirapa municipal
2. The few SMEs who access the loans/credits use them effectively as working/operating capital; to purchase fixed assets, for research and for development purposes.
3. Rural Bank financing positively affect the growth of such SMEs since it encourages the expansion of business, increase in capital, the setting up of other businesses and an improvement in the overall standards of SIMEs.

4. In Jirapa municipal, the challenges faced by SMEs in accessing finance from Rural Banks include: lack of guarantees or collateral; absence of better track records; high risk associated with projects; lack of convincing business plan and inadequate sources of repayment.

Recommendations

Based on the findings and conclusions of the study, these recommendations are made:

1. Rural Banks should put in measures meant to increase and make credit facilities easier and more accessible to SMEs.
2. To provide financial support to SMEs, moves should be made by government and private individuals to establish more Rural Banks in the area to cater for the growing SMEs.
3. The Rural Bank in the area should pay proper attention to SMEs financing since it has been discovered that SMEs access to finance positively affect the growth of SMEs.
4. The SIMEs should improve on their track records as a business, go in for projects of no/minimal risk and also develop attractive business plans

Suggestions for Further Research

Future Researchers should be conducted to assess the impact of Rural Bank financing for the entire country since this was a case study in the Jirapa Municipal alone. Researchers can also look at the relationship between SMEs access to finance and the general economy growth. A quantitative analysis should be done on the relationship between access to finance by SMEs and its impact on rural livelihood.

REFERENCES

Abebe, N. T., & Gemeda, A. M. (2020). Challenges and Opportunities of Growth of Micro and Small Enterprises in Asella City, Ethiopia. *International Journal of Business Marketing and Management (IJBMM), 5*(8), 42-50

Abor, J., & Biekpe, N. (2005). What determines the capital structure of listed firms in Ghana? *African Finance Journal, 7*(1), 37-48

Abor, J. (2007). Industry classification and the capital structure of Ghanaian SMEs. *Studies in Economics and Finance. 5*(1), 45-60.

Abor, J., & Biekpe, N. (2007). Small business reliance on bank financing in Ghana. *Emerging Markets Finance and Trade, 43*(4), 93-102

Abor, J. (2008). Determinants of the capital structure of Ghanaian firms. *Applied Economics Research Centre, 8*(2), 41-58.

Abor, & Quartey, P. (2010). Issues in SME development in Ghana and South Africa. *International research journal of finance and economics, 39*(6), 215-228

Ackah, D., Kondegri, M. P., & Agboyi, M. R. (2014). The role and impact of rural banking on SMES (Small Medium Enterprise) in Ghana. *Global Journal of Management Studies and Researches 5,* (3), 11-323.

Adelino, NT., Ma, & Robinson, D. (2017). Firm age, investment opportunities, and job creation. *The Journal of Finance, 72*(3), 999-1038.

Agnello, L, Mallick, S. K., & Sousa, R. M. (2012). *Financial reforms and income inequality, Economics Letters, 116*(3), 583-587.

Agyei-Mensah, B. K. (2012). Association between firm-specific characteristics and levels of disclosure of financial information of rural banks in the Ashanti region of Ghana. *Journal of Applied Finance and Banking, 2*(1), 69-89.

Ahmedova, S. (2015), Factors for increasing the competitiveness of small and medium-sized enterprises (SMEs) in Bulgaria. *Procedia-Social and Behavioral Sciences, 195*, 1 104-1112

Ainuddin, R. A, Beamish, P. W., Hulland, J. S., & Rouse, M. J. (2007). Resource attributes and firm performance International Joint Ventures, *Journal ofWor1d Business, 4* (20), 47-60.

Akben-SeIcuk, E. (2016). Does Firm Age Affect Profitability. Evidence from Turkey. *International Journal of Economic Sciences, 5*(3), 1-9.

Aladejebi, O. (2019). The impact of microfinance Banks on the growth of smalland medium enterprises in Lagos Metropolis. *European Journal of Sustainable Development, 8*(3), 261-261

Altman, E, L, Iwanicz-Drozdowska, M., Laitinen, E. K., & Suvas, A. (2017). Financial distress prediction in an international context: A review and empirical analysis of Altman's Z-score model. *Journal of International Financial Management & Accounting, 28*(2), 131-171

Ampah, S, N., Ambrose, J. 0., Omagwa, J, 0., & Frimpong, S. (2017). Effect of access to credit and financial services on poverty reduction in central region of Ghana. *International Journal of Business and Social Science,8*(8), 49-60.

Anake, A. F., Obim, E. NT., & Awara, F. (2011). Determinants of financial structure: Evidence from Nigerian quoted firms, *Research journal of finance and accounting, 5* (16), 53-66.

Anane, G. K., Cobbinah, P. B., & Manu, J. K. (2013). Sustainability of small and medium scale enterprises in rural Ghana: The role of microfinance institutions. *Asian Economic and Financial Review, 3*(8), 1003-1017.

Ang, J. B., & McKibbin, W. J. (2007). Financial liberalization, financial sector development and gr01Mh: Evidence from Malaysia. *Journal of development economics, 84*(1) 215-233.

Appiah, K. 0., Asamoah, L. A., & Narkotey, Z. (2015). Determinants of performance of rural banks in Ghana. *African Journal of Accounting, Auditing and Finance, 4*(4), 345-359.

Aremu, M. A., & Adeyemi, S. L. (2011). Small and medium scale enterprises as a survival strategy for employment generation in Nigeria. *Journal of sustainable development, 4*(1), 200-256.

Association of Ghana Industries (2019). 2018 Afro Barometer Report. Accra, Ghana: Association of Ghana Industries.

Atta Mills, E., & Amowine, N. (2013). The rural bank profitability nexus: evidence from Ghana. *International Journal of Application or Innovation in Engineering and Management, 2*(4), 300-445

Atseye, F. As, Mboto, H. & Lawal, S. G, (2020). Lease Financing and Profitability: Evidence from Nigerian Quoted Conglomerates. *International Journal of Economics and Financial Issues, 0*(1), 132150.

Audretsch, D. B., & Thurik, A. R. (2001). What's new about the new economy? Sources of growth in the managed and entrepreneurial economies. *Industrial and corporate change, 10*(1), 267-315.

Awo, J, P., & Akotey, J. O. (2012). Financial Performance of Rural Banks in Ghana: A Case Study of Naara Rural Bank. *Journal of Economics and Business Administration, 2*(3), 1-15

Ayyagari, M., Beck, T., & Demirguc-Kunt, A. (2007). Small and medium Enterprises across the globe. *Small business economics, 29(*4), 415-434.

Ayopo, B. As, Isola, L, A., & Olukayode, S. R. (2015). Monetary policy dynamics and the stock market movements: *Empirical evidence from Nigeria Journal Q/Applied Economic Sciences, 10*(8), 1 179-1188

Baker, H. K,, & Martin, G. S. (2011). Capital structure: An overview. Capital structure and corporate financing decisions: *Theory, evidence, and practice, 4*(1), 1-14

Baral, K. J. (2004). Determinants of capital structure: A case study of listed companies of Nepal. *Journal of Nepalese Business Studies,* (1), I -13.

Bartlett, W., & Bukvic, V. (2001), Bariers to SME growth in Slovenia. MOST: *Economic Policy in Transitional Economies, 11*(2), 177-195.

Bauweraerts, J. (2016). Predicting bankruptcy in private firms: Towards a stepwise regression procedure. *International Journal of Financial Research, 7*(2), 147-153.

Beck, T., Demirgüç-Kunt, A. S, L. 1., & Maksimovic, V. (2005). Financial and legal constraints to growth: does firm size matter? *The journal of finance, 60*(1), 137-177.

Beck, T. Levine, R., & Loayza, N. (2000). Finance and the Sources of Growth. *Journal of financial economics, 58*(1-2), 261-300.

Beck,T. (2013). Bank financing for SMEs-lessons from the literature. *National institute economic review, 225*(1), 23-38.

Beck, T., & Cull, R, (2014). SME finance in Africa. *Journal of African Economies, 23*(5), 583-613.

Berger, A. LN., & Di-Patti, E. B. (2006). Capital structure and firm performance: A new approach to testing Agency Theory and an application to the Banking Industry. *Journal of Banking & Finance, 30*(4), 1065-1102.

Boateng, E. Y., & Oduro, F. T. (2018). Predicting microfinance credit default: a study of Nsoatreman Rural Bank, Ghana. *Journal of Advances in Mathematics and Computer Science, 26*(1), 1-9.

Boyer, R. (2000). Is a finance-led growth regime a viable alternative to Fordism? A *preliminary analysis. Economy and society, 29*(1), 111-145.

Cassar, G. (2004). The financing of business start-ups. *Journal of Business Venturing, 19*(2), 261-283.

Castaño, M. Méndez, M. T., & Galindo, M. A. (2015). The effect of social, cultural, and economic factors on entrepreneurship. *Journal of business research, 68*(7), 1496-1500.

Chimucheka, T., & Rungani, E. C. (2011). The impact of inaccessibility to bank finance and lack of financial management knowledge to small, medium and micro enterprises in Buffalo City Municipality, South Africa. *African Journal of Business Management, 5*(14), 5509-5517.

Chou, S. R., & Lee, C, H. (2010). The research on the effects of capital structure on firm performance and evidence from the non-financial industry of Taiwan 50 and Taiwan Mid-cap 100 from 1987 to 2007. *Journal of Statistics and Management Systems, 13*(5), 1069-1078.

Claessens, S., & Feijen, E. (2007). Financial sector development and the Millennium Development Goals, Washington, D.C., United States of America: World Bank Publications.

Dada, R, M, (2014). Commercial Banks' credit and SMEs development in Nigeria: An empirical review. *International Journal of Research,* (8), 305-320.

Dadzie, K., Evané, J., & Mack, R. (2010). An examination of the impact of product and service quality perceptions on customer loyalty in Rural Banks in Ghana: The importance of social networks for nascent Entrepreneurs. *Global Business and Economics Review, 2*(1-2), 100-114.

Danjuma, Ms, & Teru, P. (2017). The impact of employee participation in accounting services outsourcing decision: Case study of Nigerian SMEs. *European Scientific Journal, 13*(25), 20-35.

Delice, A. (2010). The sampling issues in Quantitative Research. Educational Sciences: *Theory and Practice, 10*(4), 2001-2018.

Drakos, K, (2013). Bank loan terms and conditions for Eurozone SMEs. *Journal of small Business Economics, 41*(3), 717-732.

Edim, N. Atseye, F. A., & Eke, F. A. (2014). Relationship between capital structure and firm's performance: Theoretical Review. *Journal of Economics and Sustainable Development*, *5*(17), 72-76,

Eniola, A. A., & Entebang, H. (2015). SME firm performance-financial innovation and challenges. *Procedia-Social and Behavioural Sciences, 195*(2), 334-342.

Enu-Kwesi, F., Koomson, F., & Baah-Mintah, R. (2013). The contribution of the Kakum Rural Bank to poverty reduction in the Komenda-Edina-Eguafo Abrem Municipality in the Central Region, Ghana. *Economic Annals, 58*(1), 121-139.

Essel, T. T., & Newsome, M. A. (2000). Effectiveness of Institutional credit for rural development in Africa: A control-case study of Rural Banks in Ghana. *Journal of Sustainable Development in Africa, 2* (1), 15-45.

Eyiah, A. K. (2001), An integrated approach to financing small contractors in developing countries: A conceptual model, *Construction Management and Economics*, *19*(5), 511-518.

Farinha, La., & Félix, S. (2015). Credit rationing for Portuguese SMEs, *Finance Research Letters, 14*(2), 167-177.

Fehr, D., & Hishigsuren, G. (2006). Raising capital for microfinance: Sources of funding and opportunities for equity financing. *Journal of Developmental Entrepreneurship*, *11*(02), 133-143.

Fiordelisi, F., Marques-Ibanez, D, & Molyneux, P. (2011). Efficiency and risk in European Banking. *Journal of Banking and Finance, 35*(5), 1315-1326.

Freel, M., Carter, S., Tagg, S., & Mason, C. (2012). The latent demand for Bank debt: Characterizing "discouraged borrowers". *Journal of Small Business Economics, 38*(4), 399-418.

Gaur, J., & Gupta, R. (2011). Comparing firm performance on the basis of age, size, leverage, and group affiliation in Indian IT Industry. *Romanian Journal of Marketing, 9*(3), 8-75.

Georgios, K. (2019). Credit risk evaluation and rating for SMES using statistical approaches: The case of European SMES manufacturing sector. *Journal of Applied Finance and Banking, 9*(5), 59-83.

Ghana Statistical Service (2012). 2010 Population and housing census. Accra, Ghana: Statistical Service.

Goertzen, M, J. (2017). Introduction to quantitative research and data. *Library Technology Reports, 53*(4), 12-18.

Govori, A. (2013). Factors affecting the growth and development of SMEs: Experiences from Kosovo. *Mediterranean Journal of Social Sciences, 4* (9), 701-890.

Guay, W., Samuels, D, & Taylor, D. (2016). Guiding through the fog: Financial statement complexity and voluntary disclosure. *Journal of Accounting and Economics, 62*(3), 234-269.

Gul, S., & CHO, H. R. (2019). Capital structure and default risk: Evidence from Korean stock market. *The Journal of Asian Finance, Economics and Business, 6*(2), 15-24.

Imoughele, L. E. I. (2014). The impact of commercial bank credit on the growth of small and medium scale enterprises: Econometric evidence from Nigeria (1986-2012). *Journal of Educational Policy and Entrepreneurial Research, 1*(2), 251-261.

International Finance Corporation (2021), Report on Small and Medium Enterprises (SMEs) Finance. Washington, D.C., United States of America: International Finance Corporation.

Kadri, A. B. V „ Bunyaminu, A., & Bashiru, S. (2013). Assessing rural banks effectiveness in Ghana. *International Business Research*, *6*(3), 140-180.

Kadriu, A., Krasniqi, B. A., & Boari, C. (2019). The impact of institutions on SMEs' innovation in transition economies. *International Journal of Entrepreneurship and Innovation Management, 23*(4), 399-424.

Khalid, K., Abdullah, H. H., & Kumar M, D. (2012). Get along with quantitative research process. *International Journal of Research in Management, 2*(2), 15-29

Khan, S. (2015). Impact of sources of finance on the growth of SMEs: *Evidence from Pakistan. Decision, 42*(1), 3-10.

Kowo, S., Adenuga, 0., & Sabitu, O. (2019). The role of SMEs development on poverty alleviation in Nigeria. *Insights into Regional Development, 1* (3),214-226.

Kuratko, D. F. (2005). The emergence of entrepreneurship education: Development, trends, and challenges. *Entrepreneurship theory and practice*, *29*(5), 577-597.

Kwarteng, C. K., Sarpong, P., & Acheampong, S. (2019). Service innovation, firm location and pricing orientation of SMEs automobile services. *Academy of Marketing Studies Journal, 23*(2), 1-10

La Rocca, M., Baker, H. K., & Martin, G. S. (2011). Capital structure and corporate strategy. Capital structure and corporate financing decisions. Hobroken, United States of America: Wiley

Levine, R. (2005). Finance and growth: Theory and evidence. Handbook of *Economic Growth, 10*(2), 865-934.

LiPuma, J. A., Ñewbert, S. L., & Doh, J. P. (2013). The effect of institutional quality on firm export performance in emerging economies: A contingency model of firm age and size. *Small Business Economics Journal, 40(*4), 817-841.

Lopes, As, & Costa, C. C. (2017), MARF: Alternative sources of funding for SMEs in the Portuguese Market. *The International Journal of Finance, 15*(1),138-161.

Manzoor, F., Wei, L, & Siraj, M. (2021). Small and Medium-sized Enterprises and economic growth in Pakistan: *An ARDL bounds co-integration approach. Heliyon, 7*(2), 63-40.

Marinova, J., Plantenga, J., & Remery, C. (2016). Gender diversity and firm performance: Evidence from Dutch and Danish boardrooms. *The International Journal of Human Resource Management*, *27*(15), 1777-1790.

Masroor, N., & Asim, M. (2019). SMEs in the contemporary era of global competition. *Procedia Computer Science, 58*(1), 632-641.

Mayson, S., & Barrett, R. (2006). The Science and practice of HRM in small firms. *Human Resource Management Review, 6*(4), 447-455.

Michael, K. A. (2015). Operations of Rural Banks and Credit Supply in Ghana: A Study of Some Selected Rural Banks in the Brong-Ahafo Region of Ghana. *International Journal of Information Research and Review,* 289-293.

Morgan, N. A., Kaleka, A., & Katsikeas, C. S. (2004). Antecedents of Export Venture performance: A theoretical model and empirical assessment. *Journal of Marketing, 68* (1), 90-108.

Musah, A., & Adutwumwaa, M. Y. (2021). The effect of corporate governance on financial performance of Rural Banks in Ghana. *International Journal of Financial, Accounting, and Management, 2*(4), 305-319.

Mutandwa, E., Taremwa, N. LK., & Tubanambazi, T. (2015). Determinants of business performance of small and medium size enterprises in Rwanda. *Journal of Developmental Entrepreneurship, 2*(1), 155-201.

Müller, E, & Zimmermann, V. (2009). The importance of equity finance for R&D activity. *Journal of Small Business Economics, 33*(3), 303-318.

Noordin, M. A. (2014). Age: does it matter for firms to perform? *International Journal of Academic Research in Business and Social Sciences, 4*(3),252-275

Nyarko, I. K. (2013). Journal of Asian Business Strategy. *Journal of Asian Business Strategy, 3*(11), 315-329.

Oluba, R. O. (2009). Contribution of SMEs to an Economy. *Pakistan Journal of Business and Economic Review, 2*(1), 79-97.

Onyeiwu, C, (2012). Monetary policy and economic growth of Nigeria. *Journal of Economics and Sustainable development, 3*(7), 62-70.

Oyefuga, I. O., Siyanbola, W. O., Afolabi, O. 0., Dada, A. D, & Egbetokun, A. A. (2008). SMEs funding: an assessment of an intervention scheme in Nigeria. *World Review of Entrepreneurship, Management and Sustainable Development, 4*(2-3), 233-245.

Pandey, I. Chotigeat, T., & Ranjit, M. K. (2000). Capital structure choices in an emerging capital market: Case of Thailand. *Management and Change Journal, 4*(1), 1-14.

Paun, C., & Tohan, V. (2016). Capital structure in the global shipping industry. *Panoeeonomicus, 63*(3), 359-384.

Perera, D, & Chand, P. (2015). Issues in the adoption of international financial reporting standards (IFRS) for small and medium-sized enterprises (SMES). *Advances in Accounting 31*(1), 165-178.

Pratheepkanth, P. (2011). Capital structure and financial performance: Evidence from selected business companies in Colombo stock exchange Sri Lanka. *Researchers world, 2*(2), 171-250.

Pretorius, M., & Shaw, G. (2004). Business plans in bank decision-making when financing new ventures in South Africa. *South African Journal of Economic and Management Sciences, 7*(2), 221-241.

Rahman, J. M., & Yilun, L. (2021). Firm size, firm age, and firm profitability: Evidence from China. *Journal of Accounting, Business and Management Journal, 2*(1), 101-115.

Rauh, J. D., & Sufi, A. (2010). Capital structure and debt structure. *The Review of Financial Studies, 23*(12), 4242-4280.

Razumovskaia, E., Yuzvovich, L., Kniazeva, E., Klimenko, M., & Shelyakin, V. (2020). The effectiveness of Russian Government policy to support SMEs in the COVID-19 pandemic. *journal of Open Innovation, 6*(4), 160-180.

Robb, A. M., & Robinson, D. T. (2014). The capital structure decisions of new firms. *The Review of Financial Studies, 27*(1), 153-179.

Roman, A., & Rusu, V. D, (2011). Constraints on Bank lending to SMEs from Romania and supportive measures. *Euro Economical Journal*, *30*(5), 100195.

Schubert, T., Breitschopf, B., & Plötz, P. (2021). Energy efficiency and the direct and indirect effects of energy audits and implementation support programmes in Germany. *Energy Policy, 157*(1), 112-486.

Shumway, T. (2001), Forecasting bankruptcy more accurately: A simple hazard mode). *The Journal of Business, 74*(1), 101-124.

Sorensen, J. B., & Stuart, T. E. (2000), Aging, obsolescence, and organizational innovation. *Administrative Science Quarterly*, *45*(1), 81-112.

Staniewski, M. W., Szopifiski, T., & Awruk, K. (2016). Setting up a business and funding sources. *Journal of Business Research, 69*(6), 2108-2112.

Turyahikayo, E. (2015). Challenges faced by small and medium enterprises in raising finance in Uganda. *International Journal of Public Administration and Management Research*, *3*(2), 21-33.

Turner, M. S. (2017). Joan Robinson and the Americans. Oxfordshire, England: Routledge.

Van de Vrande, sr., De Jong, J. P., Vanhaverbeke, W., & De Rochemont, M. (2009). Open innovation in SMEs: Trends, motives and management challenges. *Technovation, 29*(6-7), 423-437.

Wiredu, J., Labaran, U. 1., Nketiah, E., & Osibo, B. K. (2020). The Impact of Information and Communication Technology (ICT) on Rural Banks Management: A Case Study of Atiwa-Rural Bank Limited in Ghana. *American Journal of Industrial and Business Management, 1*(10), 16-81.

Withers, M. C, Drnevich, P. L., & Marino, L. (2011). Doing more with less: The disordinal implications of firm age for leveraging capabilities for in novation activity. *Journal of Small Business Management, 49*(4), 515-536.

Yang, J. A., Chou, S. R., Cheng, H, C., & Lee, C. H. (2010). The Effects of Capita1 Structure on Firm Performance in the Taiwan 50 and Taiwan Mid-Cap 100. *Journal of Statistics and Management Systems, 13*(5), 1069-1078.

Zahra, S. A. (2003), International expansion of US manufacturing family businesses: The effect of ownership and involvement. *Journal of Business Venturing, 8*(4), 495-512.

APPENDIX A

UNIVERSITY OF CAPE COAST

SCHOOL OF BUSINESS

DEPARTMENT OF ACCOUNTING

QUESTIONNAIRES FOR OWNERS OF SMES

QUESTIONNAIRE FOR BANK OFFICIALS OF SONZELE RURAL BANK

Please, I am **Sylvinus Kaapul Anglaamine,** a student of the University of Cape Coast, Department of Accounting. I am conducting a study on the topic **"Rural Bank financing and performance of Small and Medium-sized Enterprises in Jirapa Municipality"** as part of the requirement for the award of MBA Accounting Degree. I will be very grateful if you would partake in this survey. Please be assured that all the data provided will only be used for academic purpose and treated with highest confidentiality.

The University has permitted me to carry out this research, your honest is both critical and paramount when you respond to the questionnaire. Please tick ( ) as appropriate.

Section A: Socio-Demographic information of respondents

1. Sex: Male [ ] Female [ ]
2. Marital status: married [ ] single [ ] widow [ ] divorce [ ]
3. Educational level: Secondary [ ] Diploma [ ] Tertiary [ ] other (specify) ……..
4. How long have you been working for this bank in years? ……………………..
5. What is your position in the Bank?...................................
6. Is your work related to credit granting to SMEs? Yes [ ] No [ ]

7. If yes What is the nature of the work? ………………………………..

Section B: Product and Services

8. What kind of services do your Bank offer to SMEs? Loans [ ] remittances [ ] insurance [ ] Training [ ] Others [ ] specify…………(Multiple responses allowed)

9. How do you make the services of the bank known to the Small and Medium scale enterprises? FM Radio [ ] Seminars and float from the bank [ ] Officers from the bank [ ].

   Print Media [ ] Local Information Services [ ]

   Others [ ] specify ……………(Multiple responses allowed)

10. What types of credit does your bank offer to the SMEs customers?

    Commercial loan [ ] Credit with Education Loans [ ] Manage loans [ ]

    Group Loans [ ]

    Individual Loan

11. Does the SMEs need to have guarantors or collateral security before they are ranted credit? Yes [ ] No [ ]

12. If yes, what type of guarantee do you need? Individual guarantor [ ]

    Group Guarantee [ ] Personal Guarantee [ ] Collateral security [ ]

    others [ ] Specify……………..(Multiple responses allowed)

13. How long do you allow the credit to stay with the SMEs? 1 month …6months [ ] 6 month ----12 months [ ] 12 month ------18 months [ ] 18 months----24 months [ ]

    Others [ ] Specify……………………………………………

14. What is the interest rate charge on loan granted to SMEs?

    ………………………………………………………………………..

15. What has been the repayment level of the credit granted in term of percentage paid? ……………………………………………………………………………….

16. Do you organize training for the clients about how to manage the credit? Yes [ ] No [ ]

17. If yes, when, that is, is it before [ ] or after [ ] the credit has been received?

18. What is the purpose of the training scheme?...

19. Do the clients view the training beneficial? Yes [ ] No [ ]

20. What other services apart from credit and training does the bank provide for the development of SMEs? …………………………………….

Section C: Expansion of Business

21. Do you think by granting credit the bank is able to boost customers' production and expansion activities? Yes [ ] No [ ]

22. If yes to question 21, how do you know?

……………………………………………………………..

23. Have Enterprises been able to transform their businesses through the credit received from your bank? Yes [ ] No [ ]

Section C: Challenges

24. In your opinion, in providing products and services to your SMEs client contribute to the challenges face in your businesses over time? Respond to the following items based on your perception by ticking Agree (A), Neutral (N) and Disagree (D)

Challenge face	Agree	Neutral	Disagreed
Inadequate proper appraisal			
Inadequate proper monitoring by credit officers			
Bad Board imposition to implement proper Strategies			
Staff influence in given out loans			
Inadequate Collateral Securities from clients			
Diversion of Loan to other social services by clients			
Customers Business failure			
High Default Rate			
Inadequate proper Business Documentation			

25. How does the bank solve these challenges?

……………………………………………………………………………..

26. How have these challenges affected your business or banking operations?

…………………………………………………………………………………………..

27. Assess the performance of your Bank, in the development of SMEs in general?

Excellent [ ] Very good [ ] Good [ ] Fairly good [ ] Fair [ ] Poor [ ] Failed [ ]

…………………………………………END …………………………………..

Thank you.