UNIVERSITY OF CAPE COAST

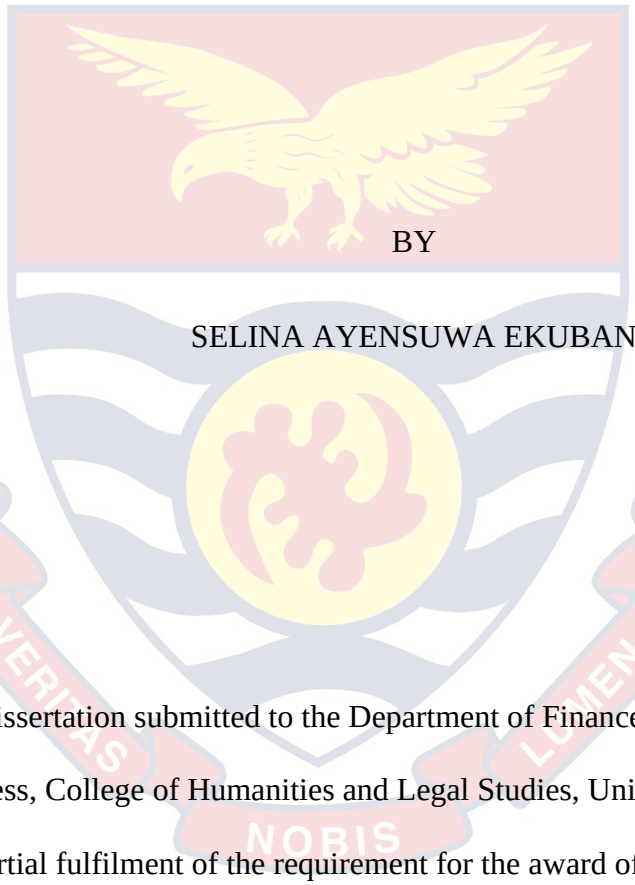
EFFECT OF INFRASTRUCTURE AND CREDIT FACILITIES ON PERFORMANCE OF SMES FOR BUSINESS DEVELOPMENT. A CASE STUDY OF SMEs IN CAPE COAST.

SELINA AYENSUWA EKUBAN

2021

UNIVERSITY OF CAPE COAST

EFFECT OF INFRASTRUCTURE AND CREDIT FACILITIES ON PERFORMANCE OF SMES FOR BUSINESS DEVELOPMENT. A CASE STUDY OF SMEs IN CAPE COAST.



BY

SELINA AYENSUWA EKUBAN

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

OCTOBER 2021

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: Selina Ayensuwa Ekuban

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised inn accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

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

Name: Dr. Michael Owusu Appiah

ABSTRACT

This study seeks to assess the effect of infrastructure and credit facilities on performance of SMEs for business development in Cape Coast. The principal objective of this study is to examine the effects of infrastructure and credit facilities on the performance of SME's: A case study of SMEs in Cape Coast. The specific objectives of the study are to: identify constraints to infrastructural development, identify constraints to credit facilities and examine both the effect of infrastructure and credit facilities on the performance of SME's in Cape Coast. The study uses descriptive survey and simple random to select 126 SME's from the total population of 190. Primary data was collected with the use of questionnaires. Statistical Package for Social Sciences version (22.0) is used for data entry. Both descriptive such as frequency and percentages and inferential statistics such as multiple regression analyses has been used. As such, specific objectives have been addressed and assessed. The results of the study indicated that, infrastructure development and credit facilities jointly explained about 68.2% of the SMEs performance in Cape Coast. The study also showed that the infrastructure and access to credit facilities have statistically significant positive effect on SME's performance in Cape Coast. Findings of the study indicated that lack of collateral security to meet the eligible criteria of the credit facilities, frequent power outage, inadequate and unstable electricity supply, inadequate access to constant water supply as well as old infrastructure have hampered the performance of the SME's in Cape Coast, and further found that the conditions of roads are not good for business to boost their performance; there are problems of telecommunication system and inadequate transportation systems affecting SME's businesses performance in Cape Coast.

KEY WORDS

Business Development

Cape Coast

Credit Facility

Infrastructure

Performance

Small and Medium Enterprise (SME)

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to my supervisor, Dr. Michael Owusu Appiah of the Department of Finance, School of Business, University of Cape Coast for his guidance, encouragement and kindness with which he guided this work to be completed successfully. I am indeed grateful.

I am also grateful to all the lecturers of the Department of Finance, School of Business, University of Cape Coast for their guidance and support during the course work. My earnest gratitude also goes to members of Cape Coast Regional Chamber of Commerce and Industry, Siwdu artisans and Captains of businesses at Kotokuraba and Abura markets for their information in the course of producing this research.

DEDICATION

I dedicate this work to the Ekuban, Bennin Family and to Cape Coast Regional Chamber of Commerce and Industry.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE

INTRODUCTION

Performance of Small and Medium Enterprises (SMEs) form an essential aspect to the growth and development of a country. Their various contributions toward the GDP and employment creation enhances economic development and improves the living standard of the people (Lorsh, 1970). SMEs operate under various sectors; from manufacturing, import and export, general trading among others. They are governed by regulations in the country and are entitled to benefits and provisions by the government to make their legal businesses productive and sustainable for business development (Abor & Beikpe, 2006). SMEs are also faced with challenges which impede on their progress in order for them to operate with full capacity (Ackah & Vuvor, 2011).

The universal recognition of SMEs in both advanced and developing countries are necessary because of their job, development opportunities through application of advanced business approaches, the ability to save adequately for investment purposes and ability to decrease discriminations (Ojo, 2006; Ogujiuba, Ohuche & Adenuga, 2004). It is for this reason that, the performance of SMEs with regard to the availability of infrastructure and credit facilities are important to be assessed, hence the subject; Effect of infrastructure and credit facilities on the performance of SMEs: A case study of Cape Coast. The main purpose of this study is to examine how infrastructure and credit facilities affect SMEs performance for business development in the Cape Coast Metropolis.

Background to the Study

According to records from United Nations Industrial Development Organization (UNIDO, 1999), SMEs constitute over 90% of enterprises in the world, which account for 50 to 60 per cent of employment of the workforce. According to Abor and Beikpe (2006), in Ghana, an estimate of 90% of registered enterprises are considered as SMEs. They account for approximately 80% of private sector and 90% of companies. The SMEs create about 70% of employment and contribute to 40% of Ghana's national income (GDP). In most developing economies, Small and Medium Enterprises play a major role as they work primarily in the sectors of services, agriculture / agribusiness, commerce and manufacturing. As a result of the boost in workforce, more jobs would be required to meet the high number of employable workforces.

An economy is considered as growing where inhabitants within a nation are able to establish businesses to curb the unemployment issues and make available goods and services to the doorstep of consumers in order to facilitate trade. Therefore, these SMEs who constitute about 80percent of the private sector should be the concern of the government of Ghana as their contribution amounts to employment creation and businesses of over 71 percent and 92 percent of SMEs respectively (Abor & Quartey, 2010; Avevor, 2016).

A study conducted by Zappiah and Sherk (2017) revealed that, credit is one of the main sources of SME financing and in order to mitigate the credit risk to enhance financing of SMEs, capacity building programmes can be organized on financial management by the business advisory services. Other SMEs as well as new businesses that work in the informal sector are mostly restricted in the access to credit facilities as they are unable to meet certain

requirements such as collateral. An empirical study from the World Bank (Lessidrenska, 2019) revealed that vast majority of the private sector are SMEs in the developing countries. Consequently, it is important to understand their significance, potential contribution and challenges to the attainment of sustainable development goals (SDG) as the outline to achieve a better and more feasible objectives for the future by the year 2030.

SMEs in Ghana, however, experience difficulties that hamper their expansion to accommodate the growing workforce. Key constraints to SMEs performance for development are infrastructure and access to credit facilities (Avevor, 2016). The growth and development of the Cape Coast Metropolitan Assembly depends on many factors, which takes into consideration the performance of SME with regard to the availability and access to credit facilities and infrastructure. According to Amidu and Abor (2005), SMEs assume a remarkable aspect of a country's industrial improvement through the setting up of employment to create income and ensuring equitable distribution of the limited resources.

This dissertation is to assess the effect of credit facilities and infrastructures on the performance of SMEs for business development in Cape Coast.

Statement of the Problem

All over the world and in diverse sectors of the economy, an effective operation of SMEs centers on the need for a great infrastructural framework (Adeola, 2005; Agba, Nkpoyen & Ushie, 2010; Adenipekun, 2013). Infrastructure such as power/electricity is basically an important requirement

for SMEs in their continued operations for effective performance but then, inadequate supply of it negatively affect the productivity and profitability of SMEs in the manufacturing sectors, (Adelakan, 2005; Akinwale, 2010; Doe & Asamoah, 2014).

Poor infrastructures impede the performance of SMEs to their expectations as purchased goods and services are not delivered early for effective business transactions. (Akinyele, Akinyele & Ajagunna, 2016; Sharma & Bansal, 2017).

In addition, availability and accessibility to finance assume a significant aspect in the continued existence and progress of the SMEs (Guffey, 2008). Lack of access to finance makes investing in productive enterprises cumbersome as SMEs are unable to acquire appropriate and adequate technologies to increase production (Adade & Ahiawodzi, 2012; Abdullahi, Jakada & Kabir, 2016). A study by Oluboba (2011) and Abeh (2017) found that, some of the challenges affecting the SME's performance were poor access to funds, deficient infrastructural facilities, inadequate work ethics as well as scarcity of well-trained manpower. Empirically, scholars have argued that some of the challenges affecting the SME's performance were lack of funds and inadequate infrastructure (Anye & Makebo, 2019; Abdullahi, Jakada & Kabir, 2016; Mukherjee, 2018). The problems facing SMEs have also been reviewed by (Abdullahi, Jakada & Kabir, 2016; Akinyele, Akinyele & Ajagunna, 2016; Oluboba, 2010; Onugu, 2005; Owolabi & Nasiru, 2017; Oyelaran & Oyeyinka, 2003).

The poor road network, poor quality and unstable electricity supplies, and regular power outages negatively affect production, cause destruction to

equipment and negatively affect SME's performance in Ghana, especially in the manufacturing sector by affecting their level of production (Akinyele, Akinyele & Ajagunna, 2016; Kitetu & Mbutura, 2020; Shah, 2019). It is therefore generally perceived that inadequate power/electricity infrastructure and transportation infrastructures are serious constraints on SME performance in Ghana.

Most SMEs in Ghana have been criticized in terms of their poor performance in competing with international markets and the sustainability of their businesses for generations to come (Acheampong, Nartey & Rand, 2017; World Bank, 2016).

Policies by the government of Ghana to benefit and develop SMEs have been inadequate to cater for the financial needs of these SMEs. Inadequate and stringent conditions for the access to credit and credit facilities limit the procurement of materials that are required to establish businesses or improve their productivity (Owolabi & Nasiru, 2017; Woldie, Isaac, Mwita & Saidimu, 2012).

Inadequate access and availability of infrastructures to fulfill the requisite need of organizations and businesses negatively affect the growth and operation of SME's in Cape Coast Metropolis.

This study therefore fills the gap between availability of allocated government resources to SMEs and status of SMEs development by examining the effect of infrastructure and credit facilities on the performance of SMEs for business development in Cape Coast.

Purpose of the Study

The purpose of the study is to recognize the state of SMEs development in Cape Coast, identify the effect infrastructure and credit facilities have on performance of SMEs in Cape Coast Metropolis and measures through which infrastructure and credit facilities would be accessed by SMEs to support the expansion of their businesses for an improved economic development of the Metropolis and Central Region.

Cape Coast Metropolis which has available resources / capital for development such as the labour force need to be motivated and empowered. As such, SMEs which are the engine of growth need to be motivated by creating better avenues for them to employ more labour force in the Metropolis. As SMEs are mostly labour intensive, their basic challenges have to be accessed and addressed for solutions and way forward. When such challenges are addressed appropriately, increase in SMEs establishment will lead to capital productivity which will be an economically sound investment in Cape Coast. There is therefore the need to promote SMEs, therefore taking into consideration their conditions and preparations to access credit facilities, available infrastructure used for their businesses and innovative infrastructure needed for expansion. It is also essential to access the current condition on their business performance, hence the motivation for the study.

Research Objectives

In order to accomplish the purpose of the research, the following objectives will be undertaken by the study:

1. To identify constraints to infrastructural development for SMEs in Cape Coast Metropolis.
2. To identify constraints to credit facilities for SMEs in Cape Coast Metropolis.
3. To identify both the impact of infrastructure and credit facilities on the performance of SMEs in Cape Coast Metropolis.

Research Questions

1. What are the constraints to infrastructural development for SMEs in Cape Coast Metropolis?
2. What are the constraints to access to credit facilities by SMEs in Cape Coast Metropolis?
3. What are the impacts of both infrastructure and credit facilities on performance of SMEs in Cape Coast Metropolis?

Research Hypothesis

1. H_1: Infrastructure affect performance of SMEs in Cape Coast Metropolis
2. H_2: Credit facilities affect the performance of SMEs in Cape Coast Metropolis
3. H_3: Access to both infrastructure and credit facilities have positive impact on performance of SMEs in Cape Coast Metropolis.

Significance of the Study

Findings of the study would be beneficial to policy makers, academia and SMEs for further research and a better decision making on SMEs development which would in turn increase the creation of employment for the

youth and also to provide them with adequate and requisite infrastructural and credit facilities at flexible conditions.

The findings would come out with various recommendations for target groups on performance of SMEs in Cape Coast on infrastructural development and access to credit facilities and find solutions facing SMEs. These solutions would be accessed by stakeholders for their implementation.

Delimitations

In the framework of this study, the focus is on effect of infrastructure and credit facilities on the performance of SMEs for business development. A case study of SMEs in Cape Coast.

The research emphasizes on a selection of SMEs from selected trade sections as a representative of the entire sector in Cape Coast: market women, fish mongers and general traders, detergent and oil manufacturers, carpentry and garages (fitters). The research also takes into consideration views on infrastructure and credit facilities from some of the organizations who work and advocate for the success of the business community. These include National Board for Small Scale Industries (NBSSI), Ministry of Trade and Industry (MOTI) and Cape Coast Regional Chamber of Commerce and Industry (CCRCCI).

Limitations

Substantially, a constraint of the study conducted was the researcher not being able to use larger population sampling. Another constraint was short of time devoted to the project.

Organization of the Study

The study is organized in five chapters; Chapter one covers the background of the study, statement of the problem, objectives, research questions, significance of the study, the study area, scope of the study, limitations of the study and the organization of the study. Review of the study was undertaken in Chapter two. Research methodology, profile of the Cape Coast metropolis, SMEs in Cape Coast and their GDP contribution to the Ghanaian economy as well as the state of infrastructure and credit facilities in Cape Coast are covered in Chapter three. Chapter four focused on data analysis, discussion and presentation of results. Chapter five of the research covers findings, recommendations and conclusions.

CHAPTER TWO

LITERATURE REVIEW

Introduction

The Chapter appraised literature on theoretical review, conceptual review, identify constraints to infrastructural development, identify constraints to credit facilities, impact of infrastructure and credit facilities on the performance of SMEs, conceptual framework, empirical review and chapter summary.

Theoretical Review

This study concentrated on the Pro- SMEs Theory and Contra- SMEs Theory.

The Pro- SMEs theory

The Pro- SME theory is a policy that was undertaken by Colin Mason for the Organization for Economic Co-operation and Development (OECD, 2014) on the study of entrepreneurial ecosystem to address government policies that work to address challenges affecting SMEs growth. According to the OECD (2014), the Pro-SMEs model is an SME intervention which supports the concept that, government's intervention is important in supporting and developing SMEs policies to the economic growth of a society.

The policy focused on the role of government ministries in promoting SMEs growth and innovation by ensuring the growth in total number of firms through capacity building programmes for business start-ups, venture capital financing to SMEs and investments or technological transfers.

Furthermore, OECD (2014) asserted that, government support in policy making is necessary as they have adequate resources to be in partnership with the private sector and civil society organizations for the designing and implementation of such policies.

The Pro SME theory argues on three basic assumptions (World Bank, 1994, 2002, 2004). The theory assumes that:

- SMEs enhance competition and entrepreneurship and as a result, they tend to have an everlasting economic benefit through efficiency, innovation and aggregate productivity growth.
- As compared to large firms, SMEs are generally more productive, but their development is obstructed by conditions of the financial market and other institutional failures.
- SMEs are more labour intensive, therefore their expansion increases employment rate rather than growth of firms.

The Pro SME theory highlights on the following implications or relevance:

1. The policy indicated that comparisons from various SMEs in other countries (cross-country comparisons) acknowledge a strong and positive relationship between SME development and economic growth. A thriving SME sector was characterized as an indication of a flourishing economy.
2. An incorporating index (World Bank, 2004) about the policy further lead to the ration that, barriers to business entry and exit, protection of

property rights and an effective implementation of contracts in business have an impact on the growth rate of GDP per capita.

3. The theory implies that government policy for the growth of SMEs should be focused on broadly, allowing SMEs from all industrial sectors be it low, mid and high-tech firms to grow.

The Pro-SMEs are also of the view that, given the requisite support such as proper infrastructure and flexible credit facilities from the government and other agencies such as how the World Bank has supported SMEs since the 1980s to realize their full potential, it will urge SMEs to accelerate as they function as engines of economic growth and development to reduce poverty (Niska & Vesala, 2013).

Contra- SMEs theory

Contra theory raises disagreement against the pro – SME policies. They have pointed out that the pro-SME's assumption on using SMEs to measure economic growth and development are questionable.

According to Beck, Demirguc-Kunt, & Maksimovic (2004), in their research discovered that large enterprises are more labour intensive, create more jobs and are responsive to national official conditions than small enterprises. Countries who provide adequate financial institutions and support for businesses have more of larger and sustainable enterprises.

The following assumptions were made by the contra SME theory:

1. Larger firms may benefit more from economies of scale and are therefore better to be used to measure growth as they are more

advantageous than SMEs. Additionally, large firms are capable of easily taking care of the fixed cost associated with research and development of their business to bring out positive productivity effects/ output (Pagano & Schivardi, 2001), thereby providing higher quality jobs as compared to SMEs who are motivated to positively alleviate poverty (Brown, Medoff & Hamilton, 1990).

2. SMEs are unable to grow to their efficient sizes due to constraints from the financial markets and legal institutions (Kumar, Rajan & Zingales, 2001). As such, SMEs are neither more labour intensive nor better at job creation than larger firms.
3. Other factors that determine economic growth, aside firm sizes are natural resource endowments, technology, policies and institutions. They rather determine a nation's industrial structure and optimal firm size (Kumar, Rajan & Zingales, 2001). The contra theory further assumes that some countries may be endowed with comparative advantages from goods produced by larger firms whilst others may have theirs on goods produced by smaller firms (You, 1995)
4. To have a conducive business environment that encourages competition and improvement in private commercial transactions, low entry and exit barriers, well-defined property rights, effective contract enforcement and firm access to finance are key factors to be considered.

The Contra SMEs theory implied that:

1. The pro SME theory does not hold as there are other factors that drive the growth and emergence of many SMEs.

2. SMEs employ more workforce that create incomes to the poor, therefore having an effect on poverty reduction in an economy. The contra SMEs theory is of the view that the concept focuses on incompatibility of SME policies that should foster growth and concentrate mostly on the maintenance and sustainability of current SMEs (Niska & Vesala; 2013), and that, the need for government's policies to correct the failure of SMEs is needed for more subsidies.

Both Pro SME and Contra SME theories nevertheless, suggested that policy makers should rather be motivated on creating a conducive business environment that allows easy entry and exit of firms rather than focusing more on subsidizing SMEs. It further gives the assertion that, property rights of entrepreneurs and financiers should be protected (Beck et al, 2004).

Conceptual Review

Concept of Infrastructure

Infrastructure is a vital factor to determine developmental structures in a country. Adelakan and Gbadegesin (2005), Mandel, 2008, Achimugu, Oluwagbemi and Oluwaranti (2010) defined Infrastructure as the framework for a collection of interrelated or structural elements that are needed by the general public for their operations. It was also defined as facilities that are necessary for an economy to function appropriately. These facilities constitutes structures such as electricity, road networks, bridges, supply of water, drainage systems, telecommunications, education, hospitals among others (Achimugu, Oluwagbemi & Oluwaranti, 2010; Adelakan, 2005; Mandel, 2008).

The essential physical and organizational systems necessary for a country's development have been classified as follows:

1. Energy/power infrastructure; constituting electricity, gas and petroleum pipelines.
2. Transportation Infrastructure; which constitute roads, rail system, ports, and aviation.
3. Water Infrastructure which include piped water and irrigation.
4. Communication Infrastructure such as media, internet connectivity, phones and postal services.
5. Health Infrastructure such as basic, secondary and tertiary health care services.
6. Education Infrastructure including all categories of schools and higher institutions as they are part of basic structures for business development (Mandel, 2008).

Major challenges of SMEs in Ghana

Wang (2016), Osano and Languitone (2016) identified that, accessibility to credit facilities is among the major challenges of SMEs in Ghana. Since the basic means by which SMEs mobilize and invest their resources are through their personal savings or as a result of family inheritance, borrowing from relations and other institutions, the process they go through before accessing financial resources from banks and other institutions, according to Aryeetey, Baah-Nuakoh, and Duggleby (1994) are stringent. Such difficult procedures include high interest rates, cumbersome documentation process, matching collateral, short time for borrowers to make repayment.

Mensah (2004), Asiama and Osei (2007) observed that though the government has given and provided many more financial programmes to support the business development of SMEs, financial challenge still remains a fundamental problem aside energy, water, limited competition among SMEs and poor infrastructure systems. Duah, Quashie, Bubaku, Sebenyi, Kronmann and Koram (2012); Ackah and Vuvor (2011) added that the major constraints to SMEs growth and survival include managerial skills, stringent conditions associated with credit facilities accessibility and terms of repayment, record keeping skills, among others.

A study by Nichter and Goldmark (2009) found that inability of SMEs to deal with difficulties of formal financial institutions has been part of the challenges. Additionally, research by Cressy and Ollofson (2006) revealed that, managerial and psychological factors that affect financial performance are the major setback (Cressy, 2006).

Onugu (2005) submitted that some of the challenges affecting the performance of SMEs consist of low research and innovation, lack of proper infrastructural facilities; poor maintenance culture, constraints in credit accessibility which leads to low production and high price of products and services. Inadequate on market survey before production as well as measures to motivate, sustain and increase employment are additional challenges, improper government policies to facilitate the growth of businesses hamper business growth.

Studies indicated that inadequate infrastructure in a country discourage business activities (Aigbokhan, 1999; Peterside, 2005; Adeola, 2005; Akinwale, 2010). In an observation by Tsauni (2015), it was realized that fluctuating power

supplies coupled with inadequate basic infrastructures makes production cost of SMEs higher with limited returns. Expenses on power supplies consume over 40 percent of production cost and mostly does not have less expensive alternative power supply and reliable water supply for production purposes; yet utility bills are brought in regularly for payment. The power outages and insufficiencies in access to other facilities such as water supply results in idle time for SMEs in their business operations which could have been used for effective production if the needed infrastructure were sufficient. Unstable and less treated water supply has a negative impact on industries such as water packaging and bottling companies.

Telecommunication systems in Ghana is another important facility for SMEs in the running of their businesses. It has problems with administrative and the ability to reach a wider range of customers at affordable prices (Jorgensen, 2001). Doe and Asamoah (2014) reported that, out of twenty four countries in Africa, over twenty experience high cost structure in telecommunication in terms of telephone charges and internet access.

The railway systems in Ghana are limited in other regions, are not well maintained in the few available areas whereas the airports have not been competitive enough to the international markets due to inadequate facilities (Tsauni, 2005; Iwayemi, 2008). Reports of Doe and Asamoah (2014) indicated that, as compared to other countries in Africa, most of Ghana's least maintained infrastructures are road networks, railways, ports and airports.

Infrastructural Problem

The government of a country plays a major role to the development of infrastructures for development and effective performance of SMEs. Ojo (2006)

in his research emphasized on challenges of infrastructures in Nigeria and urged the government to focus more on developing infrastructures such as the power supply sector, telecommunication, water, access to good road to enhance the performance of SMEs of which their inadequacies are a challenge. Some banks are unable to fund most SMEs and has resulted in some manufacturing companies' preference to either fold up businesses or relocate to countries like Ghana to share in Ghana's power supply (Omotola, 2008; Osamwonyi & Tafamel, 2010).

State of Infrastructure for SMEs in Cape Coast

The state of infrastructure in Cape Coast affect SMEs businesses and activities of the general public. Infrastructure; as defined by Srinivasu and Rao (2013) refers to the basic facilities that are needed by the people for services and production purposes. As such, these facilities comprise of the drainage and sewage systems, portable and accessible water, power supply, road networks, railways and ports, telecommunication, hospitality and education systems among others (Fulmer, 2009). Scott, Darko, Lemma, and Rud (2014) for their case referred to the influence of irregular power supply on manufacturing SMEs in countries such as Bangladesh, Nepal, Nigeria, Pakistan, Tazania and Uganda which has hampered their businesses. Nkechi Ikechukwu and Okechukwu (2012) further noted that, curbing such irregularities and inadequate infrastructures and supporting SMEs with soft loans would increase MSMEs performance by creating conducive business terrain for SMEs to excel (Beyene, 2002; Ebert & Memillen 1999). On the contrary, some reports from researchers like Akinbogun (2008) and Kinyua (2014) are of the observation that infrastructure rather has a negative effect on SMEs development.

Infrastructure or machines and equipment used in the production process of most manufacturing companies including the Ameen Sangari Industries have been obsolete and renders the industries not competitive enough in the production of large quantities for the high demand of their products in the local and international market. A company like the Ameen Sangari Industries have their soap making and oil processing machines obsolete. A major challenge of the industry has been access to adequate electricity for their production and access to constant water supply aside their request for a huge loan of over GH¢ 20 million to revamp the industry. These old infrastructures have hampered production and the industry is on the blink of collapse (Ghana News Agency, 2020). This study therefore has formulated hypothesis based on these discussions.

State of Credit Facilities and Means of Acquisition in Cape Coast

Credit is one of the essential necessaries in every sphere of business (Adebisi, Alaneme & Ofuani, 2015). Ahiawodzi and Adade (2012) found that limited resources of SMEs are the consequences of low growth in businesses.

Major formal agencies that facilitated agricultural credit in the metropolis included the Kakum Rural Bank, National Investment Banks, GCB, Agricultural Development Bank and credit unions whiles the susu or money lenders as well as personal and family sources constituted the informal sources of generating credit facilities in Cape Coast. SMEs operate mostly with the informal sources for credit facilities which are not always reliable as compared to the formal sources, yet the formal sources demand collateral that are mostly difficult to be attained by borrowers (Abor & Beikpe, 2007).

Studies by researchers have indicated that finance is an essential resource to SMEs but limited access to capital for business expansion and investments are the major challenges of SMEs (Abor & Quartey, 2010; Cook & Nixson, 2000). Similarly, Olutunla (2005) and Fatai (2011) had discovered that financial challenge is an inhibitor to the effective productivity of majority of SMEs in Nigeria.

What attributes to constraints in infrastructural facilities generally are as a result of poor feasibility studies and strategic plans that do not take into consideration the future expansion of SMEs, improper allocation of limited resources, inability to raise funds and uncompleted financial documentation and collateral requirements to qualify for credit facilities (Ojo, 2006; Olutunla, 2005; Omoruyi & Okonofua, 2005).

Studies conducted by Arendt (2008); Sleuwaegen and Goedhuys (2002), emphasized on the stress of inadequate financial support and opportunities for SMEs and start –ups to develop and expand their business operations. Policy favouritisms on the allocation of resources to enterprises was argued by Nichter and Goldmark (2009) as a problem to progress of companies in a nation. (Harvie, 2005; Arendt, 2008; Leopairote, 1997) asserted that SMEs incapability to provide collaterals, coupled with high cost of bank lending rates and complex banking requirements are hindrances to SMEs growth, predominantly in developing countries (Nichter & Goldmark, 2009; World Bank, 2009).

Some of the avenues appropriate in supporting SMEs include venture capital sources, the Microfinance and Small Loans Centre (MASLOC), National Board for Small Scale Industries (NBSSI), Ghana and support from other developing countries. Some countries like Nigeria lacked adequate

support from the supporting sources, hence a hindrance to SMEs (Osamwonyi, 2005a).

Performance of SMEs

For SMEs to perform means to execute and operate businesses of their organizations effectively and efficiently and a developmental tool used for the overall development of organizations or SMEs.

Organizational performance was asserted by Lorsch (1970) to be measured by two factors which are originally, the good fit between the organization and its environment, and a good fit between the organization and its individual contributors. Lorsch further expected that, for an organization or SME to be up-and-coming, there should be a conducive environment for the organization to perform. Such conducive environment should motivate the workforce to also put in their best for the organization to succeed and develop.

Performance of Micro, Small and Medium Enterprises are defined by various factors which extent from the objective or subjective perspective. The objective factor can be measured quantitatively / financially and uses some benchmarks for profit motives such as the Gross or net profits, Return on Assets (ROA) and Return on Equity (Parker, 2000). The subjective factor can be measured qualitatively or non- financially through the use of growth patterns, quality of product, level of development, well-organized service delivery, sustainability and effectiveness (Dobbs & Hamilton, 2007). Performance has been mentioned by researchers such as Sandberg, Vinberg and Pan (2002) as the ability of Start-up's to create jobs and generate wealth that would in the long run grow and sustain the business. One of the many factors for sustainability of performance by Sandberg, Vinberg and Pan (2002) defined criteria can be

achieved based on good managerial practices (Gibcus & Kemp, 2003). Another factor for sustainability is by tracking or measuring performance of SMEs to give the support in identifying strengths and weaknesses from the conception of businesses (Eniola & Ektebang, 2014).

Richard, Wu and Chadwick (2009) disclosed three vital areas to measure organizational performance as against the intended output of the organization. These areas included

- Financial performance which relate to profit, return on assets and return on investment.
- Product market performance, relating to sales and market share, etc.
- Shareholder return which focus on total shareholder return and economic value added.

Though previous studies identified various factors such as the qualitative, quantitative or both factors as well as measurement of good managerial practices, this study, however focuses on non-financial (qualitative) measures. This is because most SMEs do not keep records or do not give accurate information on their financial performance, these also follow Ladzani and Seeletse, (2012) research which indicated that the sensitivity SMEs resort to their finances as captains of businesses do not like revealing their financial standing.

Conceptual Framework

The research is centered on the premise for the effect of infrastructure and credit facilities on performance of SMEs for business development. This is demonstrated on Figure 1.

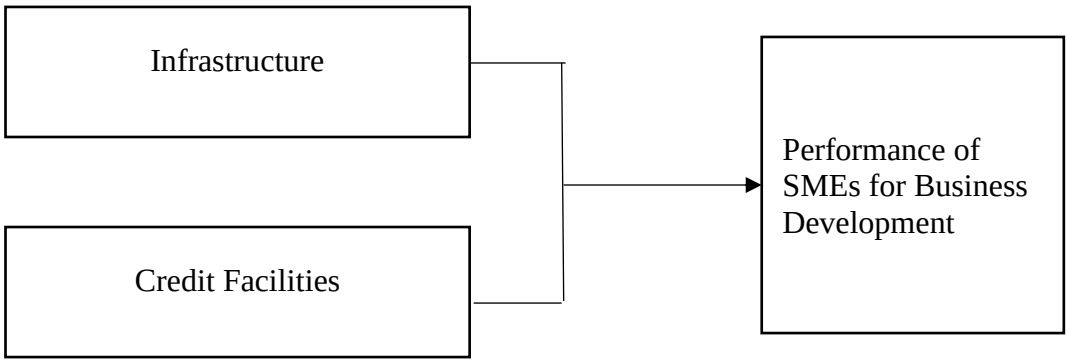


Figure 1: **Conceptual framework**

Source: Author's construct, (2020)

From Figure 1, Infrastructure and Credit facilities which are the independent variables influence performance of SMEs for business development which is the dependent variable in the study. If SMEs are satisfied with infrastructure and credit facilities, then it is expected that they will develop their businesses in the metropolis and if otherwise, they will not develop.

Empirical Review:

On Constraints to Infrastructural Development for SMEs

Ajide (2020), in his research by appraising a section of African countries for the period of 2006 to 2018 on the impact of infrastructure on entrepreneurship revealed the positive significance of infrastructure such as transport, electricity, water and sanitation facilities, ICT and broadband in improving entrepreneurial development, especially for start-ups in Africa. It was realized from the results that the findings are robust to an alternate assessment. It further indicated that less developed countries depend mostly on physical infrastructure in promoting entrepreneurial development.

In another study, Akinyele and Ajagunna (2016) critically researched on effect of some infrastructure on the level of performance of small and medium

scale enterprises. The major infrastructures focused on for this research include power / electricity, transportation, technology and education. Performance measures for the analysis are the use of the following; business survival, profitability, sales turnover and product/service delivery. The findings disclosed a significant, positive correlation between infrastructures and SME performance, hence the important roles of infrastructures for a successful business activities of SMEs.

Constraints to Credit Facilities for SMEs

Financial performance was examined by Ajajyi (2019) on the choice of credit facilities and its effect on SME. The outcome of his research was that; mainly, there was a statistically significant effect on interests on loan and performance. In conclusion, the study revealed that, there is development in SMEs who have cash deposit accounts at banking institutions, who acquire short- term loans to expand their businesses from Micro-Credit and make loan repayment a smooth process.

Research was conducted by Mungutia and Wamugob (2020) on determining the effect of collateral security, loan-income ratio and geographical branch penetration on financial performance of SMEs. Outcomes of the study revealed positive significant effect of collaterals, loan to income ratio, and geographical infiltration of local offices on financial performance in Machakos County, Kenya. Recommendation from the outcome of the study was that most importantly, SME's should develop their business capital, be knowledgeable about handling finances practically and continuously and be innovative.

Muchiri, Shukla and Kibachia (2017) examined the choice of credit facilities on financial performance of SMEs in Rwanda. The study disclosed that on financing, external borrowings are viewed as the least expensive source due to the tax benefits associated with it; Start-ups and medium enterprises are dependent largely on the improvement of financial markets as their source of funding. Bank credits and overdrafts on the other hand are generally the far reaching debt financing for SMEs. It was recommended that there should be an appropriate capital arrangement to generate the maximum profit for SMEs.

Impact of Infrastructure and Credit Facilities on Performance of SMEs

Maziriri and Chivandi (2020) investigated in Limpopo province, South Africa where majority of the populace lived in poverty; the effect of qualitative; entrepreneurship education and quantitative; budgeting, financial literacy and access to credit facilities on entrepreneurial performance and poverty reduction. The result indicated that; entrepreneurship, education, infrastructure development and access to credit facilities have a positive influence on entrepreneurial performance of SMEs and reduce poverty.

Puspaningrum (2019) examined the effect of business factors such as the legality, size, duration and credit facilities on the growth of SMEs in Malang, East Java; Indonesia. The results indicated a positive and significant effect of size of the business, duration of business, and business legality on growth and development of SME businesses in Malang City. Credit facilities on the other hand had negative effect on the growth of SMEs in Malang City. Therefore, suggestions taken from this research was that the government should provide more convenience for SMEs that will legalize their business with legal

entities and to provide business financing in order to maintain the sustainability of SME businesses with easy loans from financial institutions.

Abdullahi1, Jakada and Kabir (2016) investigated the negative impacts that hinder the performance of SMEs in Nigeria. The results indicated that, SMEs in Nigeria face challenges which affect their performance. They are mostly infrastructural problems, financial constraints, managerial problems, government policies and are not favourable to start-ups for a favourable business environments to motivate and employ more workers. This study therefore recommended that finance, infrastructure and training need to be given appropriate attention for business development.

Mashenene and Rumanyika (2014) examined constraints in businesses and potential growth of Small and Medium Enterprises in Tanzania. The results displayed that SME challenges such as scarce training, lack of capital, competitions, bureaucratic values towards registration of business, high taxes, technological obstacles, and corruption affect probable growth of SMEs.

Lampadarious (2015) gave challenges facing SMEs growth in Nigeria as limited business expertise among SMEs, inadequate access of finance from financial institutions, inadequate markets, corruptions, poor policy towards promotions of SMEs, poor technology as well as poor infrastructure. Kessy (2009) argued that SMEs in Tanzania encounter challenges such as social issues, lack of business training, and limited access of fund from financial institutions respectively affect the performance of SMEs. Accordingly, Ackahb and Vuvor (2011) examined the challenges SMEs go through towards accessing of credit in Ghana. Findings from the study revealed that both financial and non-financial institutions are willing to provide credit to SMEs. Nevertheless, the

SMEs failed to meet the criteria as well as basic requirement for them to obtain loans or credit and the lack of security from SMEs. The study findings also showed that those who have access to credit are faced with other challenges which are the presence of higher interest rates which affect loan repayment among the SMEs.

Chimucheka and Mandipaka (2015) evaluated major challenges facing SMEs in Nkonkobe Municipal in Eastern Cape of South Africa. Findings from the study established that; SMEs in South Africa were faced with various challenges; predominantly insufficient capital, inadequate financial accessibility and lastly lack of government support towards supporting SMEs growth. Yoshino and Taghizadeh- Hesary (2016) studied on "challenges of Small and Medium-sized Enterprises in Asia and solutions for Mitigating them". Findings showed that over 98% of SMEs in Asian economy encounter challenges such as limited access of finance, lack of SMEs database and low level of financial inclusions, respectively have impact on effective growth of SMEs.

Tahir and Inuwa (2019) examined the socio-economic dynamics affecting performance of Micro, Small and Medium Scale Enterprises in Maiduguri Borno State, Nigeria. The result of the fact-finding study revealed the lack of finance and infrastructural facilities as utmost factors which hamper performance of SMEs in Borno state, Nigeria. The study therefore concluded on the fact that government intervention is needed to make available suitable security and improved infrastructural facilities especially with power supply to better SMEs performance.

Kamunyu and Theuri (2017) established the factors which affect growth of women-owned SMEs. Components for consideration were based on the financing opportunities, working capital management, the level of entrepreneurial skills of business owners, and government regulations. Outcome of results showed that; inadequate capital, lack of business know-how and limited access to credit facilities were leading reasons that affect the growth of women owned SMEs. Conclusions from the study revealed positive impact of financing decisions and owners' entrepreneur skills on growth of women-led SMEs. The study further gave recommendations that funding avenues from both government and other donor agencies should systematically train the owners and managers before giving out loans to them as well as studying appropriately; the micro and macro environmental aspects that distress SMEs.

Research Gap

Empirical review on constraints to infrastructural development did not report on the rate at which most SMEs or residents prefer walking to taking transportation to their work places due to the small land spaces and distances of their companies to their various residents.

Researchers on constraints to credit facilities did not report on other means of expanding business aside financial means.

Researchers on both the impact of infrastructure and credit facilities on performance of SMEs did not address the rate at which shareholders of companies or SMEs are willing to contribute from their internal funds in constructing basic infrastructures needed for their businesses without government support.

Chapter Summary

The chapter reviewed literature on theoretical review, conceptual review, identified constraints to infrastructural development and identified constraints to credit facilities. A study by Lampadarious (2015) found that the challenges facing SMEs growth were deficiency of business skills among SMEs, limited access of finance from financial institutions, inadequate markets, corruptions, poor strategic plans towards promotions of SMEs, poor technology and poor infrastructure.

Kessy (2009) noted that SME's encounter a number of challenges which include cultural issues, limited business training as well as limited access of fund from financial institutions respectively affect the performance of SMEs. Ackahb and Vuvor (2011) examined the challenges faced by SMEs towards accessing of credit in Ghana and found that both financial and non-financial institutions are willing to offer credit to SMEs. Nevertheless, these SMEs failed to meet the criteria such as lack of security as well as general requirement for them to acquire loans or credit. The study findings also showed that those who have access to credit are faced with other challenges which are the presence of higher interest rates that affect loan repayment among the SMEs.

Chimucheka et al (2015) found that SMEs tackle challenges such as inadequate capital, limited access to finance, limited government support for SMEs growth in South Africa. Yoshino et al (2016) conducted research on challenges facing Small and Medium-sized Enterprises. The result indicated that; challenges of SMEs include inadequate access of finance, unavailability of SMEs data base and low level of financial inclusions on the operational growth of SMEs. The chapter analyzed the impact of infrastructure and credit facilities

on performance of SME, conceptual framework, empirical review and chapter summary.

CHAPTER THREE

RESEARCH METHODS

Introduction

This Chapter describe the study area; which indicate the research method adopted, the sample frame and how the sample size was determined, the sampling technique; sources of data, tools used for the collection and presentation of data, analysis as well as sources of the data.

Research Design

Creswell (2014), noted that research designs are the strategies adopted for research that extent broader assumptions to comprehensive approaches of data collection and analysis. The choice of research design for this study was based upon the research philosophical and methodological foundations of logical positivism.

The study adopted a descriptive survey method. Sampling techniques used for data collection were the selection of small proportion of SMEs to represent and analyze the entire population. The descriptive survey method is considered preferable and appropriate for the study as it is defined as having the ultimate ability in gathering original data for the purpose of describing the larger population (Tshuma & Mafa, 2013). It therefore will give an appropriate estimations on the relationship between SMEs in Cape Coast.

The descriptive survey was chosen by the researcher to help with objectivity; it is the mostly used research method to define what we perceive and give a tangible representation of notices about the position of the study (Leedy, 1997). The descriptive survey provides the researcher with accurate

observations of the circumstances expected to the larger population and facilitate with comprehensive evidence by demonstrating abstract patterns that compare the relationship between the variables (Maree & Pietersen, 2007). The Descriptive survey was used to describe the performance of SMEs by observing and collecting data in natural and real-life setting of the SMEs industry during the study. This study design was used to help in the comparison of performance, goals, perceptions and opinions of SMEs on the effect of credit facilities and infrastructure on their businesses and the development of Cape Coast. Surveys are flexible and simple to use, and comparatively less expensive due to the number of contributors included in the study.

The Study Area

The Cape Coast Metropolis was chosen as a study. This is because Cape Coast has over the years been rated among one of the poorest regions in Ghana though it has rich natural resources which can be developed to create better avenues to SMEs and employment creation (Ghana Statistical Service, 2015).

History of Cape Coast

Cape Coast, which is the capital of Central Region of Ghana, was historically called Carbo Corso by Portuguese navigators who sailed past the shores in the year 1471. Cape Coast was founded by the people of Oguaa, as Oguaa Traditional Area and ruled by a Paramount Chief or the Oguaa Omanhene (Ministry of Food & Agriculture, 2019). The Oguaa Traditional Area has seven Asafo Companies which are traditional warrior groups with a complex social and political organization. The Asafo group is based on lineal descent and plays the role of defending the state (Cape Coast, 2018).

Cape Coast was a major trading area during the colonial era series of takeovers from colonial masters before being captured by the British in 1664. Forts, lodges and castles were built along the coasts to aid in trading activities. Items traded to various European countries by the colonial masters included gold, slaves, among others and became the base of trading operations by the British in 1874 (Tetty, 1985).

Geography, Location and Attractions of Cape Coast

The area is undulating with steep slopes and has batholith rocks. Cape Coast has the Foso Lagoon, Kakum National Park and a suitable land for cultivation (Cape Coast, 2018).

Cape Coast is located on the South by the Gulf of Guinea; West by the Komenda-Edina – Eguafo- Abrem Municipal Assembly; East by the Abura-Asebu –Kwamankese and North by Twifo Lower Denkyira District (Ministry of Food and Agric, 2019). It is located on longitude 1° 15'W and latitude 5°06'N, occupying an area of approximately 122 square kilometers (Ghana Statistical Service, 2014)

Cape Coast is closer to the tropical savanna climate, has a longer wet season from March to July and lighter one from September to November. Dry seasons are in January/ February and in August. The area is mostly humid with mean monthly relative humidity ranging between 85% - 99% (Banda & Rajaa, 2018).

Cape Coast has modern sports stadium at Abura, the Cape Coast Castle, Fort William, Fort Victoria Lighthouse, Kokokuraba market, Kakum National Park and celebrates the Fetu Afahye (Tetty, 1985).

Education

Cape Cost boosts of some of Ghana's finest institutions such as Wesley Girls High School, St. Augustines College, Holy Child School, Mfantsipim School, Adisadel College, Aggrey Memorial School among others and tertiary institutions such as the University of Cape Coast and Cape Coast Technical University (Banda & Rajaa, 2018).

Urban Structure and Development in Cape Coast

With a population of approximately 169,894 representing about 7.7% of the region's population, Cape Coast is dominated by 51.3% of female and 48.7% of men. The total number of workforce (above 15 years and below 60 years) is over 67.1% (Ghana Statistical Services, 2014).

Cape Coast is the hub of tourism in Ghana, hosting the Pan African Festival (PANAFEST), Fetu Afahye and the capital of Gold Coast colony until the year 1877 (Tetty, 1985).

Construction industries, mining, quarrying are industries in Cape Coast which contribute to real estate development and road construction. There are large kaolin deposits at Ekon in Cape Coast, a potential resource for large scale production (Ghana Web, 2018).

Occupational Structure

According to report from the Ghana Statistical Service (2010), the overall occupational structure of the employed population in Cape Coast; 15 years and older (100%) is 60,330. 72.7% of the occupational structure predominantly in the private sector have the percentage distribution as follows:

i. A total of 32.5% constitute the service and sales workers.

ii. Workers of skilled agricultural forestry and fishing constitute 6.8%

iii. Craft and related trade workers constitute 23.6%

iv. Plant and machinery constitute 4.9%

Total men in service and sales are 16.3% and 47.5% are women. Total men in skilled agricultural forestry and fishing workers are 10.7% and 3.2% as women. Total men in craft and related trade workers are27% and 20.4% as women. Plant and machinery has a total of 10.1% workers as men and 0.2% as women.

v. The private formal sector who have registered their businesses constitute 9.5% of 60,330 population.

vi. Private informal sector who have not registered their businesses constitute 68.4% of 60,330.

Total men in private formal sector are 13.3% and 5.9% as women. Total men in private informal sector are 58.4% and 77.6% as women. The private sectors mainly engage in wholesale and retail of goods.

Economic Implications on Infrastructure

i. Cape Coast needs to be intensifies and focus more on modernization of agricultural production with the use of appropriate technologies that would increase productivity and output.

ii. There is the need to increase job creation by direct income policy through tax reductions or price policy, making available credit facilities at low interest rates to SMEs.

iii. There is the need for an increase in the social component of rural income by investing in infrastructure, especially on rural and urban roads, electricity and water in the metropolis (Ghana Statistical Service, 2010).

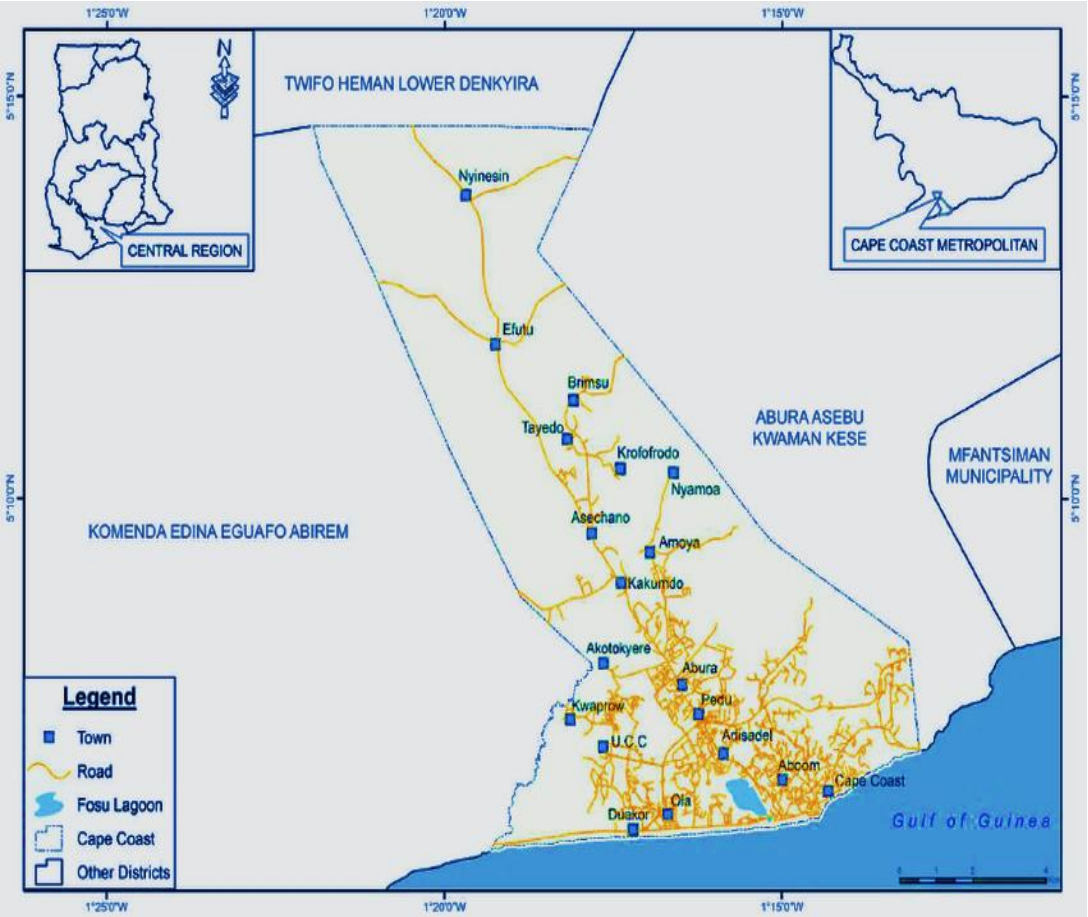


***Figure 2*: Cape Coast**

Population of the Study

Kothari & Garg (2014) define a target population as all the items under consideration in any field of inquiry. The target study population involve one hundred and ninety captains of businesses in the SMEs industry which include SMEs who are registered members of Cape Coast Regional Chamber of Commerce and Industry (CCRCCI) as well as National Board for Small Scale Industries (NBSSI) (CCRCCI, 2020). Others include SMEs at Abura Market, Siwdu Garages, Kotokuraba Market, the banking sector and Kingsway market

area. These selected areas have majority of business / SMEs operating there and share some common characteristics as SMEs (Sekara & Bougie, 2013).

Members of these organizations will provide contributions on challenges and recommendations to this research to help in the way forward for development of SMEs in Cape Coast. SMEs service providers include but not limited to general merchants, manufacturers, carpenters, garages, soap makers (Mensah, 2004). Information on banks, credit facilities and information from SMEs developmental organizations would be sought from the field and database to ensure accuracy and reliability.

Sampling and Sampling Procedure

Kothari & Garg (2014) define a sample design as a definite plan for obtaining a sample from a given population.

The simple random technique was used in selecting respondents from the sampling frame of SMEs in Cape Coast. Data on the sample frame of SMEs in Cape Coast was taken from a list of SMEs from Cape Coast Regional Chamber of Commerce and Industry. Normally, it is preferable to collect data from all the small and micro enterprises in Cape Coast, but due to cost, time and logistics constraints, sampling is expected.

The sample size formula recommended by Nassiuma (2000) was used as:

$$n = \frac{NC^2}{C^2 + (N-1)e^2}$$

Where

n= Sample size

N=Population size (190)

C = Coefficient of variation (CV) which is $0 \leq CV \leq 1$ (0.95)

e = margin of error which is fixed between $2\% \leq e \leq 5\%$ (5%)

The study was calculated at 95% coefficient of variation and 5% margin of error.

Calculating the sample size,

$$n = \frac{190(0.95)^2}{0.95^2 + (190-1)(0.05)^2}$$

$$n = \frac{171.475}{0.9025 + 0.45}$$

$$n = \frac{171.475}{1.3525}$$

$n = 126.78 \approx 127$

The sample size for this study is 127. However, 126 SMEs responded from the study population.

Using the Krejcie and Morgan (1970) table with population size of 190 SMEs at 95% confidence level and 5% margin of error, sample of 127 SMEs were also used as the sample size (Appendix A). The Krejcie and Morgan table provide appropriate respondents or sample sizes from a list of population sizes for the study.

Table 1: Population and Sample Size Selected for the Study

Location / Category of SME	Number of SMEs	Sample selected size
Abura Market	21	12
Siwdu Garages	27	18
Kotokuraba Market	36	19
Members of CCRCCI	18	14
NBSSI members	22	17
Banking sector	27	19
Kingsway	39	28
Total	**190**	**127**

Source: Field Survey, Author's construct (2020)

Data Collection Instrument

The study employed the primary sources of data collection of which original data was collected by the researcher from respondents on the field. Structured questionnaire was used in collecting the data for the study. Specifically, closed-ended questions on the questionnaire were used. The questionnaire was developed by the researcher herself. The questionnaire entailed section A; which covered information on demographics of respondents. The demographics take into account; age, experience, gender and educational qualification. Section B of the questionnaire covered the constraints to infrastructural development. Section C covered the items measuring the constraints to credit facilities and Section D covered the items on impact of infrastructure and credit facilities on performance of SMEs.

The questionnaire included psychometric construct of the Likert scale ranging from a scale of 1-5. Each item in the psychometric construct measures

an attribute of the main variable. Each respondent was then required to describe a given variable by rating statements given, ranging from 1 to 5; where 5=Strongly Agree, 4=Agree, 3=Neutral, 2= Disagree and 1=Strongly Disagree. These concepts were established in definite terms to enable respondents to react to them in the earliest possible time and answer easily. Close - ended questions were included after the questions by use of Likert scale to enable the respondent to select the response. The five- point Likert scale is used because tendencies can be recognized as most respondents would be able to respond easily to explain better; people's views (Kothar & Garg, 2014).

The use of a standardized questionnaire supported the collection of original and standardized data. Each respondent received the same format of questions which was cost effective to the purpose of describing a sample of the entire population within the shortest possible time. Questionnaires are preferred because the personal administration of questionnaires to individuals help to develop close relationships with respondents. Additionally, questionnaires provide immediate clarifications from respondents as soon as they are filled (Kothar et al, 2014).

Data Collection Procedure

Questionnaires were administered to respondents on the second week of 5th July, 2020 and ended in 20th September, 2020 and it is expected to be returned in two weeks' time. It was given to respondents during working days of the institution thus from Monday to Friday. Self-administered questionnaires were given in person to respondents to be answered by them. Data for administering of questionnaires were made available to respondents in the second week of August, 2020. One week was intensively used to collect

information from respondents at the various markets and institutions. The researcher was able to collect data for the study out of questionnaires administered. Respondents were asked to willingly participate in the survey. Respondents were also given a cover letter expressing the confidentiality of any information given out by them as they participate in answering the questions. Nevertheless, respondents who declined to participate were replaced by others from the same organization.

Validity and Reliability of the Instrument

Validity has been defined by Maxwell, (1992) as the degree that sample of test objects represent contents the test is intended to measure. To improve validity and relevance of the study objectives, a pre-test was done on the survey instrument and outside the study area. The questionnaire was examined to correct any inaccuracies which may affect the study. Such inaccuracies include omissions, uncertainty, legibility and level of importance. The content of the questionnaire's validity was enhanced to remove any ambiguities by properly amending its structure and sequence**.**

Internal consistency estimate of the study was computed using Cronbach Alpha method. Cronbach's Coefficient Alpha was used to measure reliability of the study instrument; the questionnaire. Cronbach's alpha is the reliability coefficient that points out how accurate set-ups are positively correlated to one another. Test results of the questionnaire using the Cronbach's alpha ensured that operations of the study which include the data collection procedures were accurately reproduced. The Cronbach's alpha coefficient ought to range between 0 and1 (De vaus, 2002). Masilamani and Aris (2009) recommended that acceptable alpha is at least 0.70 or above. The reliability of this research

was computed by taking into consideration; reliability coefficient of 0.70 or higher to be statistically acceptable.

Data Processing and Analysis

According to the specific objectives of the study, data collected from respondents were amended and organized systematically. The data collected were then validated, selected and coded. Statistical Products and Service Solution (SPSS) software version 22 was used to analyze the quantitative data; using descriptive statistics. Data was generated into frequencies, percentages, means, standard deviations and frequency tables. The use of descriptive statistics offers an overall representation of information on the procedures of numerical and graphical presentation of the data collected (Amin, 2005).

Pearson Correlation and Linear Regression as inferential statistical model were used for the study to examine the relationship between dependent and independent variables and examine effects of microfinance on SME's performance. For validity of the regression model, the study used F Statistics. These statistics were then compared to the F Critical value based on results in the ANOVA table. The regression model becomes valid if F Statistics is greater than the F Critical value, otherwise, the regression model becomes invalid.

The study tested regression assumptions of the data using the assumption of independence, normality and homogeneity of variance. The assumption of normality was tested using a histogram, homogeneity of variance was tested using Levene's test, multicollinearity using VIF and auto-correlation will be checked using Durbin Watson test before the regression model is run. In the model, the independent variables are access to credit, infrastructure facilities to the SME's and the dependent variable is the SME's performance.

The Multiple Regression Model followed this format:

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$

Where Y= SME's performance

B_0 = Constant

X_1 = Access to credit,

X_2 = Infrastructure facilities

B_1, β_2-are the slopes or changes in ε = error term

Ethical Considerations

To have a successful research work, it is useful to clarify to participants; the reason for the research and what the information gathered would be used for in order for the participants to have a clearer understanding to answer appropriately in order to avoid doubts and untrue responses. Respondents ought to be assured of non-disclosure of their identity to the public and confidentiality in answering the questionnaires. It is also inappropriate for investigators to influence or impose on respondents with some principles and perceptions aside what the respondent intended to give out, expressly with quantitative research (Burns &Hawthorne, 1993). With this research, letter of consent was sent to the understudy establishments explaining the intention of the research work and for the establishment to contribute with responds to the questions. The researcher was permitted to distribute the questionnaire to the respondents in each institution.

Chapter Summary

The chapter described the procedures adopted for data collection. Procedures involved were the research design, sampling and sampling

technique, data collection instrument, sources and the analysis of data. The quantitative research method was used with the survey approach to collect data from respondents. In all, 126 respondents were sampled. Descriptive statistics such as frequency table, percentages and regression analysis were applied using SPSS (version 22).

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

The purpose of this study is to identify the effect infrastructure and credit facilities have on performance (growth, development and setbacks) of SMEs and the ways or means through which access to infrastructure and credit facilities would support the dynamism and expansion of SMEs in Cape Coast. The chapter presents descriptive statistics of the research and aligned with research questions, followed by inferential statistics such as correlation and regression analysis of the study and closes with a chapter summary.

Demographic Characteristics of the Respondents

The study sought to examine demographic characteristics of respondents such as age, gender, number of years respondents have worked, educational background and the marital status of respondents. These responses are presented in Table 2.

Table 2: Demographic Characteristics of Respondents

Gender	**Frequency**	**Percentage (%)**
Male	82	65.1
Female	44	34.9
Total	**126**	**100.0**
Age of Respondents	**Frequency**	**Percent**
20-25 years	11	8.7
26-35years	39	31.0
36-49years	39	31.0
50-60years	34	27.0
Above 60 years	3	2.3
Total	**126**	**100.0**

Respondents' Qualification	Frequency	Percent
No formal Education	2	1.6
Primary Education	4	3.2
Junior High School	26	20.6
Secondary/Technical/Vocational	43	34.1
University/Tertiary	50	39.7
Other (Specify)	1	0.8
Total	**126**	**100.0**

Years of the respondents	Frequency	Percent
1-3	31	24.6
4-10	74	58.7
11-30	17	13.5
31 and above	4	3.2
Total	**126**	**100.0**

Source: Field Survey, Ekuban (2020)

From Table 2, majority; 65.1% of respondents were male and 34.9% were female. This shows that males were slightly more than females. Considering the gender differences, there was gender imbalance in the responses given to support the study. The results further show that; majority of respondents are within age groups of 26-35 and 36-49 and they represent 31.0% respectively. Age group of 20-25 represented 8.7% of respondents sampled. The age group of 50-60 was 27% of the total sample. The age group above 60 years was 2.3%. The data indicated that, most of respondents were within the working age group of 26-35 and 36-49 years respectively. This means that youths are in active employment and can give the necessary information.

In terms of educational attainment, it can be observed that 39.7% of the respondents had received tertiary education, 34.1% of the respondents had already completed Secondary/Technical/Vocation, followed by 20.6% of the respondents who had completed Junior High school. 3.2% of respondents had primary education, 1.6% of students had no formal education and 0.8% had other (specified) qualifications; indicating that majority of respondents have

received tertiary education. The results mean that the respondents can understand the concerns of the questionnaires and give reliable information to the researcher for study.

The study examined the working experiences of respondents. The result showed that, majority; 58.7% of respondents have working experience ranging from 4-10 years, 24.6% of respondents have 1-3 years of experience, 13.5% of respondents have 11-30 and 3.2% of the respondents have 31 above years. The results further indicate that 58.7% of respondents have 4-10 years of experience in their businesses. This clearly means that respondents have quite good experience in the kind of business they are into. The study also examined the type of business of the respondents and the outcome is shown in Table 3.

Table 3: The Type of Business of Respondents

Respondents' occupation	Frequency	Percent
Agribusiness	12	9.5
Manufacturing	11	8.7
Electricals and Electronics	4	3.2
Services/ICT/Garments and Textiles	34	27.0
Construction/ Carpentry/ General Merchant (Specify)	65	51.6
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

Results on respondent's occupation show that, most; 51.6% of respondents were into Constructions and other specified jobs. Next is 27.0% of the respondents who were into services (ICT, Garments and Textiles) and 9.5% of respondents work in the Agribusiness sector. Findings of the survey show that, 8.7% of respondents work as manufacturers and 3.2% of the respondents were into electricals and electronics. The study further shows that most; 51.6% of the respondents work in the construction sector. This means that the area of

construction and other merchant employs most of the human resources than any business.

The Registration of the Business

The study examined the registration of businesses. The results of responses from respondents are shown in Table 4.

Table 4: Registration of the Business

Registration of business	Frequency	Percent
Yes	69	54.8
No	57	45.2
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

From Table 4, 54.8% of respondents had registered their business whist 45.2% respondents had not yet registered their businesses, indicating that majority of respondents' businesses are legally registered.

The Number of Employees:

The research question sought to examine number of employees of SMEs in Cape Coast. Results are presented in Table 5.

Table 5: The Number of Employees Employed by SME's

The Number of employees	Frequency	Percent
1-9	104	82.5
10-99	12	9.5
100-499	10	7.9
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

Table 5 above shows that, majority; 82.5% of SMEs have employees' between1-9. It was also observed that 9.5% of the SME's in Cape Coast employed between10-99, 7.9% of the SME'S employed between100-499. The

study clearly shows that most 82.5% of the SME's in Cape Coast employ few employees between 1-9 due to inadequate funds and lack of credits facilities and infrastructure.

Research question one: What are the constraints to infrastructural development for SMEs in Cape Coast?

The research question one sought to identify the constraints to infrastructural constraint affecting the SMEs in Cape Coast. Results are shown in Table 6.

Table 6: Infrastructural Development Constraints to SMEs in Cape Coast

Statements	SD	D	N	A	SA
The electricity supply in Cape Coast is inadequate and unstable	(2)1.6%	(4)3.2%	(6)4.8%	(76)60.3%	(38)30.2%
The conditions for roads are not good for business to thrive	0.0%	(8)6.3%	(12)9.5%	(75)59.5%	(31)24.6%
There are insufficient water supply for business in Cape Coast	(2)1.6%	(11)8.7%	(18)14.3%	(62)49.2%	(33)26.2%
There are problems of telecommunication system, which is not efficient for businesses to achieve success	0.0%	(12)9.5%	(8)6.3%	(77)61.1%	(29)23.0%
The businesses face the problem of inadequate transportation systems	(7)5.6%	(11)8.7%	(6)4.8%	(59)46.8%	(43)34.1%
The old nature of infrastructure affects businesses in Cape Coast	(9)7.1%	(20)15.9%	(6)4.8%	(52)41.3%	(39)31.0%

Source: Field Survey, Author's construct (2020)

Results of the study show that, 60.3% of respondents agreed that the electricity supply in Cape Coast is inadequate and unstable, 30.2% of the respondents strongly agree, while 4.8% of the respondent were neutral. However, 3.2% of respondents disagreed whilst 1.6% were strongly in disagreement. This implies that, majority of respondents were in agreement that electricity supply in Cape Coast is inadequate and unstable. The study (Ghana News Agency, 2020) found that major challenges affecting the SME's performance were inaccessibility to adequate electricity for their production and inconsistent water supply. These old infrastructures have hampered production and the industry is on the blink of collapse (Ghana News Agency, 2020).

From observation, majority of respondents; 59.5% agreed that conditions for roads are not good for businesses to thrive. Meanwhile, 24.6% of the respondents were strongly in agreement; 9.5% of respondents were neutral; 6.3% of respondents disagreed and 0.0% strongly disagreed. These implied that, majority of the respondents agreed that the conditions for roads are not good for business to thrive in Cape Coast. Results of the study clearly showed that, majority; 49.2% of respondents agreed that; there is insufficient water supply for businesses in Cape Coast, 26.2% of the respondents strongly agreed, while 14.3% of the respondent were neutral. It can be observed that 8.7% of respondents strongly disagreed and 1.6% of respondent disagreed. This result indicate that the respondents agreed that water supply for business in Cape Coast are insufficient.

Moreover, majority of the respondent; 61.1% agreed that there are problems of telecommunication system, which is the insufficiency in making businesses to achieve success, 23.0% of the respondents strongly agreed

whereas 6.3% of the respondents were neutral. It can be observed that 9.5% of respondents disagreed and 0.0% strongly disagreed, meaning, majority of respondents were in agreement that; there are problems of insufficient telecommunication systems, which when sufficient make any business to achieve success.

The study clearly showed from the result that, majority; 46.8% of respondents agreed that, businesses in Cape Coast face the problem of inadequate transportation systems, 34.1% of the respondent strongly agreed, while 4.8% of the respondent were neutral. It can be observed that; 8.7% of respondents disagreed and 5.6% of respondents strongly disagreed. Results show that; respondents agreed businesses in Cape Coast face the problem of inadequate transportation systems. Results of the study also showed that, majority; 41.3% of respondents agreed that the old nature of infrastructure affect businesses in Cape Coast, 31.0% of the respondent strongly agreed, while 4.8% of the respondents were neutral. It can be seen that 15.9% of the respondent disagree and 7.1% of the respondent strongly disagreed. This implied that respondents agreed the old nature of infrastructure affects businesses in Cape Coast. The results of the study support studies by (Akinyele, Akinyele & Ajagunna, 2016; Kitetu & Mbutura, 2020; Shah, 2019) who from their studies found that poor quality of electricity supplies; voltage fluctuations and power outages can possibly terminate production, cause damage to equipment and affect the quality of products in the country to negatively affect SME's performance. Findings of this study suggest that; the poor nature of power/electricity infrastructure poses a serious setback on performance of SME in Ghana. Studies by (Akinyele, Akinyele & Ajagunna, 2016; Sharma & Bansal,

2017) posited that most businesses are unable to perform to their expectation due to lack of quality transportation infrastructures. This makes it difficult for SMEs to deliver the purchased promptly.

The results of the study is supported by other researchers (Tsauni, 2005; Iwayemi, 2008) who have highlighted the weak infrastructures such as the roads; especially inaccessible rural roads, abandoned railway system and less managed airports as hampering SMEs development and the economic progress, as supported by the study conducted by Doe and Asamoah (2014). Ackah and Vuvor (2011) identified availability of collateral, poor infrastructure, lack of access to credit facilities coupled with higher interest rates, improper record keeping by SMEs among others as most important limitation to growth and survival of SME.

Findings agree with the study by Abdullahi, Jakada and Kabir (2016) who similarly found that main factors which affect performance of SMEs were inadequate credit facilities, infrastructural and managerial problems, strategic planning on business settings, issues with technology, corruption and issues with multiple taxation, inadequate skilled labour, unfavourable fiscal policies.

The state of infrastructure mostly used by SMEs for business activities in the Metropolis

The study question examined the state of the infrastructure mostly used by SMEs for business activities in the Metropolis. The respondents were requested to respond to the statement. The result is indicated in the Table 7.

Table 7: The State of Infrastructure Mostly Used by SMEs

Responses	Frequency	Percent
Very Good condition	9	7.1
The infrastructure is not in good condition	71	56.3
Not sure	11	8.7
Extremely bad condition	35	27.8
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

Results disclosed that, majority; 56.3% of the respondents indicated that the state of the infrastructure mostly used by SMEs for business activities are not in good condition. However, 27.8% of the respondents indicated that the infrastructure mostly used by SMEs for business activities are in extremely bad condition. 8.7% of the respondents were not sure of the state of the infrastructure. The result of the study therefore implied that most of respondents were of the opinion that the state of the infrastructure mostly used by SMEs for business activities in the metropolis are not in good condition. The study results agreed with scholars such as (Anye & Makebo, 2019; Abdullahi, Jakada & Kabir, 2016; Mukherjee, 2018) who found that some of the challenges affecting the SME's performance were lack of funds, inadequate infrastructure (Anye & Makebo, 2019; Abdullahi, Jakada & Kabir, 2016; Mukherjee, 2018).

How the Availability and Maintenance of Infrastructure affect the Business Operational Cost

The study examined from the respondents how the availability of infrastructure affects the business operational cost. The respondents were requested to respond to the statement. The result is displayed in the Table 8.

Table 8: How the Availability and Maintenance of Infrastructure Affect the Business Operational Cost

Responses	Frequency	Percent
It has highly increased profit margin	11	8.7
It has increased operational cost	49	38.9
Neutral/Not effect	45	35.7
It has decreased profit margin	18	14.3
It has extremely deceased profit margin	3	2.4
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

The table above disclosed that, most; 38.9% of the respondents' availability and maintenance of infrastructure affect the business operational cost by highly increased operational cost, 35.7% of the respondents' response on the availability and maintenance of infrastructure that affect the business operational cost neither increased operational cost nor decreased profit margin, 16.7% of the respondents response on availability and maintenance of infrastructure affect the business operational cost by decreased profit margin. The result of the study further revealed that; majority of respondent's maintenance of infrastructure affect their business operational cost.

Constraints to Access Credit Facilities by SMEs in Cape Coast Metropolis.

The research question two identify some of the problems SME's in Cape Coast encounter in accessing credit facilities. The results are revealed in the Table 9.

Table 9: Constraints to Credit Facilities faced by SME's Businesses in Cape Coast.

Responses	Frequency	Percent
Lack of collateral to meet the eligible criteria	20	15.9
Lack of proper clarification to finance providers on nature of my business for funds	4	3.2
Lack of proper book keeping records for my business performance	24	19.0
Other (Specify)	78	61.9
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

From the table, it is clear that, most 61.9% of the respondents have other or specific challenges they encounter when accessing credit facilities, 19.0% of the respondents identify their challenge to be lack of proper book keeping records for the business to performance, 15.9% of the respondents challenges are as a result of lack of collateral to enable them meet the eligibility criteria of the credit facilities and 3.2% of the respondents said they lack proper clarification to finance providers on nature of the business for funds. The result further indicates that most of the respondents' have other problems they go through in order to access credit facilities.

The result of the study concurred with a research work by Arendt (2008); Sleuwaegen and Goedhuys (2002) who found that, the principal constraints encountered by SMEs are as a result of inadequate financial avenues. The results agree with studies by (Ojo, 2006; Olutunla, 2005; Omoruyi & Okonofua, 2005) who posited limitations to SMEs as resulting from inadequate research work on

the nature of businesses, lack of suitable collateral, gaps in providing collateral and lack of proper records keeping to improve business performance.

The results from the study relates to that of Chimucheka et al (2015) who found that SMEs faced challenges such as inadequate capital, inadequate business financing, lack of government support for SMEs. Yoshino et al (2016) similarly disclosed that challenging factors facing Small and Medium-sized Enterprises were limited access to finance, lack of SMEs data base, low level of financial inclusions, affecting the performance of SME's.

The study concurred with (Adade & Ahiawodzi, 2012; Abdullahi, Jakada & Kabir, 2016) who found that limited financial accessibility affects the growth of the SMEs because they cannot invest in productive enterprises, they cannot afford to acquire appropriate technologies and other investment prerequisites. The result is in line with studies by Oluboba (2011) and Abeh (2017) who found that some of the challenges affecting the SMEs performance were poor access to funds, infrastructure, and employability skills.

Table 10: How do you Finance your Business

Responses	Frequency	Percent
Self-Financing	66	52.4
Banks	49	38.9
Relatives	7	5.6
Money Lenders (susu)	4	3.1
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

From results above, it is shown that, at a frequency of 66, majority; 52.4% of the respondents do self-finance their business, followed by 38.9% at a frequency of 49 of the respondents who get their source of finance from the banks, 5.6% constituting 7 of respondents get from relatives whiles 4 of the

respondents, constituting 3.1% get their fincance through money lenders (susu). The result further indicate that mostly, the SMEs do self-financing as a source of their business. This means that business personnel do self-finance their enterprises.

The results from the study concurred with empirical evidence from Zappia and Sherk (2017) who indicated that self financing, credit unions, cooperatives and microfinancing have greater patronage by SMEs than banks.

Empirical evidence from Organization for Economic Co-operation and Development (OECD, 2006) asserted that funds from close relatives or contacts may be acquired more to boost their business performance and incentives as compared to funds from banks and larger companies with higher interest rates.

How do you assess the Rate of Interest from the Financial Institutions?

The research pursued to find how respondents assess the rate of interest from the financial institution. The respondents were requested to respond to the statement and the results are shown in the Table 11.

Table 11: How do you assess the Rate of Interest from the Financial Institutions?

Responses	Frequency	Percent
Very Low	28	22.2
Low	25	19.8
Satisfactory	7	5.6
High	33	26.2
Very High	33	26.2
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

From the result, it shows that, majority 66 which make up 52.4% of the respondents' asserted that; the rate of interest from financial institutions are high

but 53 of the respondents which constitute 42.0% indicated that the rate of interest charged by financial institutions are low. 5.6% which make up 7 of respondents are satisfied with the interest rate from financial institutions. Result from majority of respondents indicated that the rate of interest from financial institutions are very high; indicating that SMEs are not able to go for loans to sustain and create more efficient businesses due to the high interest rate. Consequently, businesses may not get enough financial support hence employers may be forced to lay off some of their employees creating unemployment and, in the end, may even collapse the business.

The Association of Ghana Industries (AGI) indicated in their second quarter report for 2011 that, inadequate access to credit and high interest rates are the highest among various issues that impede the growth of SMEs in Ghana (Nkuah, Tanyeh & Asante, 2013).

Accordingly, Ackah and Vuvor (2011) examined the challenges SMEs go through towards accessing of credit in Ghana. Findings from the study revealed that those who have access to credit are faced with some challenges which are the presence of higher interest rates that affect loan repayment among the SMEs.

Have You (The Respondent) Taken Loan From Any Financial Institution Before?

The research sought to find out whether the respondents have taken loan from any financial institution before. The respondents were requested to respond to the statement. The results are indicated in the Table 12.

Table 12: Have you taken Loan from any Financial Institution before?

	Frequency	Percent
Yes	49	38.9
No	77	61.1
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

Obviously from the table above, at a frequency of 77, majority; 61.1% of respondents had not taken loan from any financial institution whiles 38.9% at a frequency of 49 of respondents have taken loans before from financial institutions. The result of the above table indicated that; majority of respondents do not rely on financial institutions for their source of finance. This could mean that most of the SMEs do Self-financing.

This can be attributed to research findings of Aryeetey, Baah-Nuakoh, Duggleby, Hettige and Steel (1994) who indicated that over 38 % of SMEs are constrained in accessing credit facilities, therefore leading to self-financing of their businesses.

According to World Bank (2017), it was sited that lack of collateral has been the wider obstacle that hinders SMEs in accessing financing, leading to self-financing.

The results further relates with a study by Harvie, Nyarjoko and Oum (2013) who found that most SMEs were financially contempt or exhibited happiness with their financial behaviour because the SMEs did not seek higher growth.

How did you find the Procedure in the Loan Acquisition?

The research sought to discover from respondents; how he/she found the procedure in the loan acquisition. The respondents were requested to respond to the statement given. The result is presented in the Table 13 below.

Table 13: How did you find the Procedure in the Loan Acquisition?

Responses	Frequency	Percent
Very cumbersome	30	23.8
Slightly cumbersome	19	15.1
Neutral	34	27.0
Not cumbersome but loan takes longer processing period to be acquired	35	27.8
Loan procedure and acquisition is faster	8	6.3
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

The result from the research disclosed that, a frequency of 49 which make up majority; 38.9% of respondents find the procedure in the loan acquisition to be cumbersome, 35 respondents which make up 27.8% find the procedures not cumbersome but takes longer processing period to be acquired, while 34 of the respondents which make up 27.0% neither find the procedure in loan acquisition to be cumbersome nor takes a longer processing period. 6.3%; 8 of the respondents find loan procedure and acquisition to be faster. This means that most of the respondents find procedure in the loan acquisition to be cumbersome. Such challenge could easily discourage SMEs to go for loan from these financial institutions, consequently businesses may not run and be sustained as expected.

The results follow an argument raised by Beck et al, (2004) that interest rates from banking sectors are high for SMEs to take loans, therefore the SMEs sector should be supported with lower interest rates and flexible conditions to attract SMEs to obtain loans.

Empirical evidence by Harvie, Nyarjoko and Oum (2013) also found the contempt to which most SMEs had with the smaller nature businesses without the urgency in acquiring loans to expand them.

Do you perceive that Performance of SMEs for Business Development would be enhanced if Credit Facilities and Infrastructure are Readily Available with Flexible Terms of Acquisition?

The study found out how respondents perceive that performance of SMEs for business development would be enhanced if credit facilities and infrastructure are readily available with flexible terms of acquisition. The respondents were requested to respond to the statement. The result of responses is given in Table 14.

Table 14: If Credit Facilities and Infrastructure are readily Available with Flexible Terms of Acquisition

Responses	Frequency	Percent
I strongly agree	95	75.4
I agree	20	15.9
Neither agree nor disagree	9	7.1
Disagree	2	1.6
Total	**126**	**100.0**

Source: Field Survey, Author's construct (2020)

Results above clearly show that, most, with a frequency of 115 and 91.3% of respondents agree that performance of SMEs for business

development would be enhanced if credit facilities and infrastructure are readily available with flexible terms of acquisition, 7.1%, constituting 9 of the respondents neither agree nor disagree that performance of SMEs for business development would be enhanced if credit facilities and infrastructure are readily available with flexible terms of acquisition, whiles 1.6%, making 2 of the respondents disagree that performance of SMEs for business development would be enhanced if credit facilities and infrastructure are readily available with flexible terms of acquisition. This indication reveals that majority of the responses from the respondents agree that performance of SMEs for business development would be enhanced if credit facilities and infrastructure are readily available with flexible terms of acquisition.

A study by Schiffer et al, (2001) concurs with the result on the basis that, the main factors affecting SME's growth and business survival are as a result of lack of access to finance and adequate infrastructure and therefore lower interest rates and adequate infrastructure would support SMEs growth.

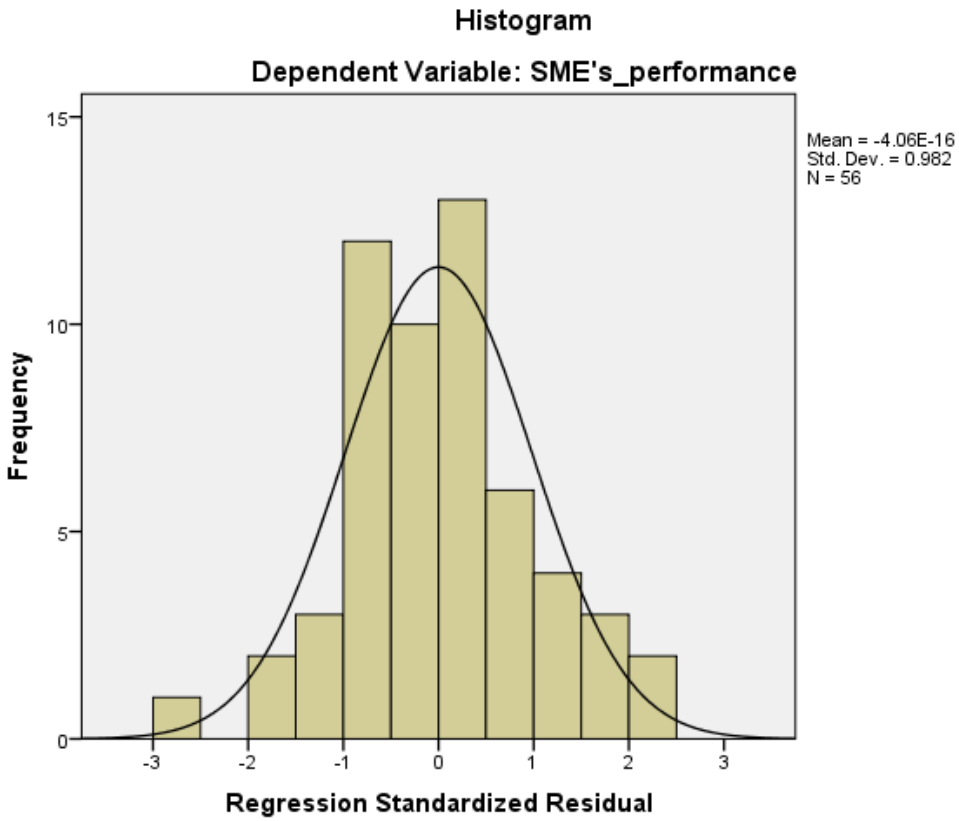
Nkechi Ikechukwu and Okechukwu (2012) noted that adequate infrastructural facilities increase MSMEs performance. Beyene, 2002 further found that availability of these credit facilities and infrastructure create favorable environment for SMEs to excel, as a boost to economic growth.

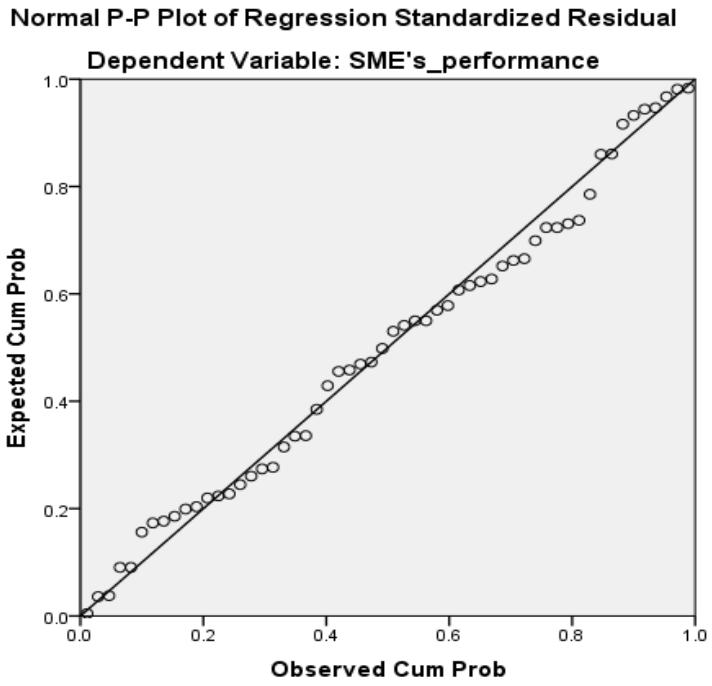
Ebert and Memillen (1999) posit that the availability of adequate public infrastructure enable firms to be more productive.

Impacts of both Infrastructure and Credit Facilities on the Performance of SMEs in Cape Coast Metropolis.

Responses from the research question were tested to examine the regression analyses on the effect of credit facilities and infrastructure

development on SME's performance in Cape Coast metropolis. The study was conducted using assumptions of independence, normality and homogeneity of variance to test the regression assumptions of the data. The assumption of normality checked using a histogram and normal P-P plot. The results showed that the data was normally distributed as can be observed in Figure 2. The assumption on the homogeneity of variance was tested using Levene's test, multicollinearity using VIF and auto-correlation will be checked using Durbin Watson test before the regression model is run.





Source: Field Survey, 2020

Table 15: Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.826[a]	0.682	0.670	1.99160	2.343

a. Predictors: (Constant), Infrastructure development, credit facilities

b. Dependent Variable: SMEs performance

Source: Field Survey, Author's construct (2020)

The outcomes of the study in Table 16 showed that, the coefficient of determination, R^2=68.2. The report showed that the model (Infrastructure development, credit facilities) jointly explained about 68.2% of the SME's performance in Cape Coast. The results of the study concurred with studies by Ajajyi, 2019; Ali et al., 2019; Aliyu, 2015; Amwele, 2013; Maziriri & Chivandi,

2020; Puspaningrum, 2019) who found that Infrastructure development, credit facilities explained the performance of SMEs.

Table 16: ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	451.759	2	225.880	56.947	.000[b]
	Residual	210.223	53	3.966		
	Total	661.982	55			

a. The Dependent Variable: SME's performance

b. Predictors: (Constant), Infrastructure development, credit facilities

Source: Field Survey (2020)

The test results of the ANOVA in Table 16 pointed out the fitness of the model. The results implied that credit facilities and infrastructure in Cape Coast are statistically significantly and predict the performance of SME's in Cape coast F (2, 53) =56.947, P< 0.05.

Table 17: Regression Coefficients [a]

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	T	Sig.	Toler-ance	VIF
1	(Constant)	2.156	1.632		1.322	.192		
	Credit facilities	.596	.101	.609	5.916	.000	.566	1.768
	Infrastructure deployment	.236	.085	.286	2.781	.007	.566	1.768

a. Dependent Variable: SME's performance

Source: Field survey (2020)

A regression analysis was conducted by the researcher to establish an individual influence of independent variables on the dependent variable. Findings of results are displayed in the Table above.

The multiple regression model used was:

$Y = 2.156 + .596X_1 + .236X_2 + e$, where;

X_1= Credit facilities

X_2= Infrastructure development

$\mathcal{E}$ = error term

The findings in Table 17 showed that when holding all other variables constant, SME's performance would be at 2.156. With the beta value (β_1=.596, t=5.916, p=0.000), it can be observed that 1% increase in access to credit facilities while holding all other factors constant, would leads to 59.6% increase in SME's performance. This was statistically significant at $p < 0.01$.

The results implied that, access to credit facilities by SMEs in Cape Coast have statistically significant positive effect on SME's performance in Cape Coast. The study further revealed that the beta value for infrastructure development is (β_2 =.236, t=2.781, p=0.007). This implies; 1% increase in infrastructure development while holding all other factors constant would lead to 23.6% increase in SME's performance in Cape Coast and statistically significant at $p<0.05$.

The result implied that; infrastructure development in Cape Coast has statistically significant positive effect on SMEs performance in Cape Coast. Results of the study correspond with the study of (Ajajyi, 2019; Ali et al., 2019; Amwele, 2013; Maziriri & Chivandi, 2020; Mungutia & Wamugob, 2020; Okeyo et al., 2014; Puspaningrum, 2019; Sunday & Chinyere, 2019) clarifying that finance has significant effect on the performance of SMEs, while studies carried out by (Okpara, 2011) found inverse results.

Akinyele, Akinyele, and Ajagunna (2016) study results also found a significant positive correlation between infrastructures and SMEs performance. This implied that the role of infrastructure in ensuring successful business operations is enormous.

Furthermore, the results of the research are in agreement with studies conducted by (Ajajyi, 2019a; Alayande, 2019; Aliyu, 2015; Abdullahi, Ghazali, Awang, Tahir & Ali 2015; Noor & Simiyu; Okeyo et al., 2014) who found that infrastructure has statistically significant positive effect on SMEs performance. Results of the study were however contrary to findings of (Aliyu, 2015; Kamunyu &Theuri, 2017; Okpara, 2011) who indicated that infrastructure did not influence the performance of SMEs.

Chapter Summary

The chapter concentrated on the research objectives. Findings were discussed using descriptive statistics such as frequency and percentages and inferential statistics such as the multiple regression analyses to examine the effect of microfinance on SMEs financial performance. Findings indicated that credit facilities and infrastructure have statistically significant positive effect on SMEs performance of businesses in Cape Coast.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The Chapter outlines the summary of the study, summary of key findings, conclusion, recommendations and suggestions.

Summary of the Study

The main objective of the study was to research on effects of infrastructure and credit facilities on performance of SMEs: A case study of SMEs in Cape Coast. The study's specific objectives were to: identify constraints to infrastructural development, identify constraints to credit facilities and examine both effects of infrastructure and credit facilities on performance of SMEs in Cape Coast. Descriptive survey was used to examine the study.

A selection of 126 SME's from the total population of 190 was done using the simple random technique. Primary data was collected using questionnaires and entry of data was done with the use of Statistical Package for Social Sciences (SPSS) version (22.0). Frequency and percentages as a descriptive statistic as well as inferential statistics which cover the multiple regression analyses were used.

Summary of Key Findings

Constraints to Infrastructural Development

From the results of the study, it was shown that, the electricity supply in Cape Coast is inadequate and unstable. It was also found that inadequate access to constant water supply affects the performance of SMEs in Cape Coast. The

study established that, old infrastructures have hampered the performance of SMEs in Cape Coast. The study further found that, roads are not in good shape for businesses to boost their performance. Another challenge identified was the insufficient water supply for businesses that operate in Cape Coast. Moreover, problems of telecommunication system and the communication of the business owners with their customers, problem of inadequate transportation systems and the old nature of infrastructure were found from the study to affect SMEs business performance in Cape Coast.

Constraints to Credit Facilities

The study found and identified challenges of access to credit facilities to be improper book keeping of records for the business, inadequate collateral security to meet the eligible criteria of the credit facilities and lack of proper clarification by finance providers on nature of the business for funds. The study found that inadequate financial sources is the primary constraint faced by SMEs.

The results of the study further indicated that SMEs go through difficult procedures to access loans they apply for. Such challenge could easily discourage SMEs to go for loan from these financial institutions, consequently affecting the SME's business performance in Cape Coast. Results of the study indicated that, majority of respondents viewed financial institutions as having high interest rate on credit facilities, making it cumbersome for SMEs to access loans.

Consequently, businesses may not get enough financial support hence employers may be forced to lay down some of their employees; creating unemployment and, in the end, may even collapse. The results agree with studies by (Ojo, 2006; Olutunla, 2005; Omoruyi & Okonofua, 2005) who

posited that limitation or constraint to SME performance include wrong and unacceptable feasibility report on nature of business, improper record keeping and financial documentation and lack of collateral to meet the eligible criteria.

Effects of Infrastructure and Credit Facilities on Performance of SMEs

From results of the study, infrastructure development and credit facilities jointly explained about 68.2% of SMEs performance in Cape Coast. The results further showed that; the infrastructure and access to credit facilities have statistically significant positive effect on SMEs performance in Cape Coast.

Conclusions

On the constraints to infrastructural development for SMEs in Cape Coast Metropolis, the research analysis and findings received revealed that conditions of roads are not good for business to boost their performance, there is the need for adequate transportation systems aside road and there are problems of telecommunication systems.

On the constraints to access to credit facilities by SMEs in Cape Coast Metropolis, research analysis and findings received discovered that, most SMEs use limited resources from their savings and internally generated funds to start their businesses. Additionally, SMEs are unable to obtain or access long term debt and equity financing due to the perception that there would be higher interest rates as well as information barriers from lending agencies.

On the impact of both infrastructure and credit facilities on performance of SMEs in Cape Coast Metropolis, research findings disclosed that:

SMEs have significant gap in acquiring credit facilities and access to infrastructure needed to improve performance of their business in Cape Coast metropolis.

Infrastructure and access to credit facilities have statistically significant positive effect on SME's performance in Cape Coast.

Lack of collateral / security to meet the eligibility criteria for credit facilities, frequent power outage, inadequate and unstable electricity supply, lack of access to constant water supply, old infrastructures were found to have slowed down the performance of SMEs in Cape Coast.

Recommendations

The following are recommendations based on findings from the study:

1. To identify constraints to infrastructure development for SMEs in Cape Coast Metropolis,

   The study recommends that, infrastructure such as good and accessible water supply, electricity supply, proper telecommunication networks and means of transportation; good road networks, trains, harbours, airports should be well constructed and maintained to effectively support SMEs in their business endeavours.

   SMEs should be given adequate capacity building programmes by government institutions and private sector organizations on financial literacy, management and innovative ways of building SME businesses for development.

2. To identify constraints to credit facilities for SMEs in Cape Coast Metropolis,

The study recommend that; the government, through the banking sectors should make loan acquisition to SMEs flexible and easily assessable to SMEs to expand their businesses, taking into consideration their credit worthiness and readiness to pay the loans acquired.

Guarantor enforcements should be applied by financial institutions before given out loans to SMEs. Personal details such as the name, address of applicants and guarantors should be demanded from SMEs before given out loans.

The study recommends that, financial institutions should scrutinize the financial standing of the clients (SMEs) to ensure that they are credit worthy and are in good standing and should demand collateral security from the customers before given out loans.

Proper monitoring and evaluation of loans given out should be done by financial institutions to enable SMEs put the credit facilities into the expected use.

The study recommends that financial institutions should pursue legal action against SME loan defaulters.

The study recommends that management of the SMEs should do proper credit appraisals to ensure that loans contracted are paid on time.

3. To identify both the impact of infrastructure and credit facilities on the performance of SMEs in Cape Coast Metropolis, the study recommends that SMEs should be given access to capacity building on appropriate use of the growing technology to enhance innovation and competitiveness. Capacity building on best practices to access credit, invest and make profits to expand business is needed. Access to lower

interest rates and adequate capital to change old equipment is needed for business expansion.

Suggestions for the Research

The study suggested that, further research on challenges affecting SMEs should be conducted using both qualitative and quantitative study approach.

Additionally, alternative infrastructures for transportation aside the road network, sustainable power supply at affordable prices, constant water supply mechanisms and flexible funding for SMEs could be researched on for SMEs in Cape Coast.

Selection of population and sample size for further studies could be increased to capture wider number of SMEs.

REFERENCES

Abeh, O. (2017). The problems and prospects of small and medium scale enterprises (SMEs) growth and development in Nigeria: A study of selected SMEs in Delta State. *International Journal of Scientific Research in Education*, *10*(3), 278-294.

Abdullahi, M.S., Ghazali, P. L., Awang, Z., Tahir, I. M. & Ali, N.A.M. (2015). The effect of finance, infrastructure and training on the performance of Small and Medium Scale Enterprises (SMEs) in Nigeria. *International Journal of Business and Technopreneurship*. 5 (3), 421 - 452

Abdullahi, M. S., Jakada, B. A., & Kabir, S. (2016). Challenges affecting the performance of small and medium scale enterprises (SMEs) in Nigeria. *Journal of Human Capital Development (JHCD)*, *9*(2), 21-46.

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

Abor, J., & Quartey, P. (2010). Issues in SME development in Ghana and South. *Research Journal of Finance and Economic Issue*, 39:2019.

Acheampong, G; Narteh, B; & Rand, J. (2017). Network ties and survival: A study of small commercial poultry farms in Ghana. *International Journal of Entrepreneurship and Innovation*, 18(1), 14 – 24.

Achimugu, P., Oluwagbemi, O., & Oluwaranti, A. (2010). An evaluation of the impact of ICT diffusion in Nigeria's higher educational institutions. *Journal of Information Technology Impact*, *10*(1), 25-34.

Ackah, J., & Vuvor, S. (2011). The challenges faced by Small & Medium Enterprises (SMEs) in obtaining credit in Ghana. *Master's Thesis in Business Administration, MBA Programme.*

Adelekan, I. O., & Gbadegesin, A. S. (2005). Analysis of the public perception of climate change issues in an indigenous African city. *International Journal of Environmental Studies*, *62*(1), 115-124.

Adepoju, A. (2003). Migration in West Africa. *Development*, *46*(3), 37-41.

Adeola, A. (2005). Analysis of the cost of infrastructure failure in a developing country: a case study of electricity sector in Nigeria. *Africa Economic Research Consortium.* AERC WP/05/148, Nairobi, Kenya

Adeola, A. J., & Cowieson, O. (2005). Carbohydrates, protease, and phytase have an additive beneficial effect in nutritionally marginal diets for broiler chicks. *Poultry science*, *84*(12), 1860-1867.

Adenipekun, M. T. (2013). Sustainable rural infrastructural development in Nigeria within the context of Vision 20: 2020. *International Journal of Development and Sustainability*, *2*(1), 254-269.

Adelekan, I. O., & Gbadegesin, A. S. (2005). Analysis of the public perception of climate change issues in an indigenous African city. *International Journal of Environmental Studies*, *62*(1), 115-124.

Agba, A. M. O., Nkpoyen, F., & Ushie, E. M. (2010). Career development and employee commitment in industrial organisations in Calabar, Nigeria. *American Journal of Scientific and Industrial Research*, 1(2), 105-114.

Ahiawodzi, A. K., & Adade, T. C. (2012). Access to credit and growth of small and medium scale enterprises in the Ho municipality of Ghana. *British Journal of Economics, Finance and Management Sciences*, *6*(2), 34-51.

Ahmad, M., Ahmad, E., Kahut, M. B. H., & Murtaza, G. M. B. A. (2012). New Determination of Factors Affecting the Growth of Small and Medium-Sized Enterprises in Pakistan. *Interdisciplinary Journal of Contemporary Research in Business*, *4*(6), 513-530.

Aigbokhan, B. (1999, July). Fiscal federalism and economic growth in Nigeria. NES selected paper presented at the 1999 annual conference.

Ajajyi, M. O. (2019). Choice of credit facilities: A stimulant for financial performance of SMEs in Nigeria. *Archives of Business Research*, *7*(11), 41-49.

Ajide, F. M. (2020). Infrastructure and Entrepreneurship: Evidence from Africa. *Journal of Developmental Entrepreneurship*, Vol 25(3)

Akinbogun, T.L. (2008). The impact of Nigerian business environment on the survival of small scale ceramic industries. A case study, South –Western Nigeria. *Journal of Asian and African Studies.* 43(6), 663-679

Akinwale, A. A. (2010). The menace of inadequate infrastructure in Nigeria. *African Journal of Science, Technology, Innovation and Development*, *2*(3), 207-228.

Akinyele, S. T., Akinyele, F. E., & Ajagunna, O. D. (2016). Infrastructural development as predictor to small & medium enterprises performance in Nigeria. *Kuwait Chapter of the Arabian Journal of Business and Management Review*, *6*(3), 40-56.

Alayande, I. T. (2019). Deposit Money Banks Credit Administration and Performance of Small and Medium Scale Enterprises (SMEs) in Kwara State, Nigeria. *Kwara State University (Nigeria). A Dissertation*

Aliyu, M. D. Y. O. I. (2015). Impact of managerial skills on small scale businesses performance and growth in Nigeria. *European Journal of Business and Management.* 7(5), 109-114.

Amidu, M., & Abor, J. (2005). Accounting information and management of SMEs in Ghana. *African Journal of Finance and Management*, *14*(1), 15-23.

Amin, S. M., & Wollenberg, B. F. (2005). Toward a smart grid: power delivery for the 21st century. *IEEE Power and Energy Magazine*, *3*(5), 34-41.

Amoah, S. K., & Amoah, A. K. (2018). The role of Small and Medium enterprises(SMEs) to employment in Ghana. *International Journal of Business and Economics Research, 7(5),* 151-157.

Anye, A., & Makebo, H. (2019). Factors affecting performance of small and medium sized business enterprises. *International Journal of Economics & Business*, *4*(2), 188-203.

Arendt, L. (2008). Barriers to ICT adoption in SMEs. How to bridge the digital divide? *Journal of Systems and Information Technology,* 10(2), 93-108

Aryeetey, E., Baah-Nuakoh, A., Duggleby, T. , Hettige, H. & Steel, W. F. (1994). Supply and demand for finance of small- scale enterprises in Ghana. *Discussion Paper 251,* 12-45.

Asiama, J. P., & Osei, V. (2007). Microfinance in Ghana: an overview. *Accra, Ghana: Research Department, Bank of Ghana*.

Avevor, E. (2016). Challenges faced by SMEs when accessing fund from financial institutions in Ghana. Vaasan Ammattikorkeakoulu University of Applied Sciences.

Baah-Nuakoh, A., Aryeetey, E., Duggleby, T., Hettige, H., & Steel, W. F. (1994). Supply and demand for finance of small enterprises in Ghana. *World Bank Discussion Paper*, (251).

Banda, Rajaa (2018). Fascinating things to know about Ghana's Cape Coast. The Culture Trip. *Retrieved 19 April, 2018*

Barratt-Pugh, L. (2005). Managing knowledge development in SMEs: no longer the poor cousins, as training changes to learning. Sustaining Growth and Performance in East Asia: The Role of Small and Medium Sized Enterprises. *Research Online, Institutional Repository*, 163-186.

Beck, T., Demirgüç-Kunt, A., & Maksimovic, V. (2004). Bank competition and access to finance: International evidence. *Journal of Money, Credit and Banking*, 627-648.

Beyene, A. (2002). Enhancing the competitiveness and productivity of small and medium scale enterprises (SMEs) in Africa. An analysis of differential roles of national governments through improved support services. *Africa Development Journal*, 1(4), 130-156.

Briggs, Philip (2019). Ghana (8th ed.) Bradt Travel Guide, 203

Brown, C., Medoff, J. & Hamilton, J. (1990). Employees. Large and small. *Cambridge, M.A. Havard University Press.*

Burns, P. C., & Hawthorne, F. C. (1993). Hydrogen bonding in meyerhofferite; an X-ray and structure energy study. *The Canadian Mineralogist*, *31*(2), 305-312.

Cape Coast Regional Chamber of Commerce and Industry (2020). Membership profile list.

Cherkos, T., Zegeye, M., Tilahun, S., & Avvari, M. (2018). Examining significant factors in micro and small enterprises performance: case study in Amhara region, Ethiopia. *Journal of Industrial Engineering International*, *14*(2), 227-239.

Chimucheka, T., & Mandipaka, F. (2015). Challenges faced by small, medium and micro enterprises in the Nkonkobe Municipality. *International Business & Economics Research Journal (IBER)*, *14*(2), 309-316.

Cook, P., & Nixson, F. (2000). *Finance and small and medium-sized enterprise development*. Manchester: Institute for Development Policy and Management, University of Manchester.

Cressy, R. (2006). Debt finance and credit constraints on SMEs. In the life cycle of entrepreneurial ventures (187-225). Springer, Boston, MA.

Creswell, J. W. (2014). A concise introduction to mixed methods research. *SAGE publications.*

De Vaus, D. (2002). Analyzing social science data: 50 key problems in data analysis. *SAGE publications*.

Dobbs, M. & Hamilton, R. T. (2007). Small business growth. Recent evidence and new directions. *International Journal of Entrepreneurial Behaviour & Research*, 13(5), 269-322

Doe, F., & Asamoah, E. S. (2014). The effect of electric power fluctuations on the profitability and competitiveness of SMEs: A study of SMEs within the Accra business district of Ghana. *Journal of Competitiveness, 6(3), 32-48*.

Duah, N. O., Quashie, N. B., Abuaku, B. K., Sebeny, P. J., Kronmann, K. C., & Koram, K. A. (2012). Surveillance of molecular markers of Plasmodium falciparum resistance to sulphadoxine-pyrimethamine 5 years after the change of malaria treatment policy in Ghana. *The American journal of tropical medicine and hygiene*, *87*(6), 996-1003.

Ebert & Memillen (1999). Quoted in the 2005 annual report of the Ministry of Economic Development. New Zealand.

Eniola, A. A., & Ektebang, H. (2015). SME firms performance in Nigeria: Competitive advantage and its impact. *International Journal of Research Studies in Management*, 3(2), 75-86

Fatai, A. (2011). Small and medium scale enterprises in Nigeria: The problems and prospects. *Retrieved from www. thecje. com/ journal/ index. php/economicsjour nal/article/.../8*.edt

Fulmer, J. (2009). What in the world is infrastructure? *PEI Infrastructure Investor (July / August)* 30-32

Ghana Statistical Services (2014). 2010 Population & Housing Census. *District Analytical Report, Cape Coast Municipality*, 1-85

Ghana Statistical Services (2015). *Ghana Poverty Mapping Report*, 1-12

Gibcus, P. & Kemp, R. G. M. (2003). Strategy and small firm performance. *EIM Business & Policy Research Report*, 6-75

Guffey, M. (2008). Essentials of business communication (7th edn.). Mason, OH: Thompson / WadsWorth

Harvie, C. (2005). The rise of regional Europe. *Routledge Taylor & Francis Group*.

Harvie, C., Narjoko, D., & Oum, S., (2013). Small and medium enterprise access to finance: Evidence from selected Asian economies. *ERIA Discussion Paper Series*, 23, 11-54

Hofstede, G. H., Hofstede, G. J., & Minkov, M. (2005). Cultures and organizations: Software of the mind. *New York: Mcgraw-hill*, *2*

Iwayemi, A. (2008). Nigeria's dual energy problems: policy issues and challenges. *International Association for energy economics*, *53*(1), 17-21.

Jørgensen, S. E., & Bendoricchio, G. (2001). Fundamentals of ecological modelling. *Elsevier*, 21.

Kamunyu, C. W., & Theuri, F. S. (2017). Factors affecting growth of women owned small and medium enterprises in Kenya: A survey of women-led SMEs in south coast Ukunda. *International Journal of Social and Development Concerns*, *19*(3), 60-82

Kessy, S. (2009). Microfinance and enterprises performance in Tanzania: Does gender matter. *Repositioning African business and development for the 21st century*, 125-131.

Kinyua, A. N. (2014). Factors affecting the performance of small and medium enterprises in the Jua Kali Sector in Nakuru Town, Kenya. *IOSR Journal of Business and Management (IOSR-JBM)*, 16(1), 80-93

Kitetu, M., & Mbutura, A. (2020). Regional energy supply index (RESI): using open source data to monitor electricity reliability across Sub-Saharan Africa. In *2020 IEEE PES/IAS Power Africa*, *IEEE*, 1-4

Kothari, & Garg (2014). Research methodology methods and techniques. *Open Journal of Social Sciences,* 8(6), 17-25.

Krejcie V.R., & Morgan W. D. (1970) Determining sample size for research activities. *The NEA Research Bulleting, 38 (December, 1960), 99.*

Kumar K., Rajan R., & Zingales L. (1999). What determines firm size? *NBER Working Paper Series, 496*

Ladzani, M. W. & Seeletse, S. M. (2012). Business social responsibility: How are SMEs doing in Gauteng, South Africa? *Social Responsibility Journal,* 8(1), 87 - 99

Lampadarios, E. (2015). *Critical Success Factors (CSFs) for Small Medium Enterprises (SMEs): An empirical study in the UK Chemical Distribution Industry* (Doctoral dissertation, Leeds Beckett University).

Leedy, G. J. (1997). *U.S. Patent No. 5,592,018*. Washington, DC: U.S. Patent and Trademark Office.

Leopairote, M. (1997). The state of entrepreneurship in Thailand. The development of small and medium enterprises in some APEC countries, Bangkok: *Department of Industrial Promotion*, 114-128.

Lessidrenska, D. T. (2019, April 23). SMEs and SDGs: Challenges and opportunities. (O. I. Blog, Ed.) *OECD Development Matters*, 1.

Lind, J., & Cresswell, W. (2005). Determining the fitness consequences of antipredator behavior. *Behavioral Ecology*, *16*(5), 945-956.

Macpherson, A., & Holt, R. (2007). Knowledge, learning and small firm growth: A systematic review of the evidence. *Research policy*, *36*(2), 172-192.

Mandel, R. (2008). Cosmopolitan anxieties: Turkish challenges to citizenship and belonging in Germany. *Duke University Press.*

Maree, K., & Pietersen, J. (2007). The quantitative research process. First steps in research. *Pretoria: Van Schaik*, 145-153.

Mashenene, R. G., & Rumanyika, J. (2014). Business constraints and potential growth of small and medium enterprises in Tanzania: A review. *European Journal of Business and Management*, 6(32), 72-79

Masilamani, R., & Aris, T. (2009). Reliability (internal consistency) of the content questionnaire on job stress among office workers of a multinational company in Kuala Lumpur. *Asia – Pacific Journal of Public Health*, 21 (2), 216-222

Maxwell, J. (1992). Understanding and validity in qualitative research. *Harvard Educational Review*, *62*(3), 279-301.

Maziriri, E. T., & Chivandi, A. (2020). Modelling key predictors that stimulate the entrepreneurial performance of small and medium-sized enterprises (SMEs) and poverty reduction: Perspectives from SME managers in an emerging economy. *Acta Commercii*, *20*(1), 1-15.

Mensah, S. (2004). A Review of SME Financing Schemes in Ghana. Paper presented at the UNIDO Regional Workshop of financing SMEs. *Open Journal of Business and Management*, 5(4), 15-16

Ministry of Food and Agriculture (2019). Cape Coast Metropolitan. *Available online on https:// mofa.gov. gh/site/ directorates/ district-directorates/ centralregion/206-cape-coast-metropolitan#*

Muchiri, D. K., Shukla, J., & Kibachia, J. (2017). Effect of choice of credit facilities on financial performance of small and medium enterprises in Rwanda. A case of SMEs registered with private sector federation of Rwanda. *European Journal of Business and Social Sciences, 6(6)*, 97-111.

Mukherjee, S. (2018). Challenges to Indian micro small scale and medium enterprises in the era of globalization. *Journal of Global Entrepreneurship Research*, *8*(1), 1-19.

Mungutia, M. J., & Wamugob, L. (2020). Microfinance credit accessibility and financial performance of Small and Medium Enterprises in Machakos County, Kenya. *Integrated Journal of Business and Economics*, *4*(1), 71-79.

Mutalemwa, D. K. (2015). Does globalization impact SME development in Africa? *African Journal of Economic and Management Studies*, *6*(2), 164.

Nassiuma, D.K. (2000). Survey sampling: Theory and methods, Nairobi, Kenya. University of Nairobi. *Open Journal of Clinical Diagnostics*, 9(3), 90-113

Neely, A. (1999). The performance measurement revolution: Why now and what next? *International Journal of Operations & Production Management* 19(2), 205-228.

Nichter, S., & Goldmark, L. (2009). Small firm growth in developing countries. *World development*, *37*(9), 1453-1464.

Niska, M., & Vesala, K 2013. SME policy implementation as a relational challenge, *Entrepreneurship and Regional Development*. 25, 521-540.

Nkechi, A., Ikechukwu, E. & Okechukwu, U. F (2012). Entrepreneurship development and employment generation on Nigeria. Problems and prospects. *Universal Journal of Education and General Studies.* 1(4), 88-102

Nkuah, J. K., Tanyeh, J. P., & Asante, J. (2013). An assessment of the role of financial institutions in financing small and medium enterprises (SME's) in Ghana. *International Journal of Innovative Research and Development*, *2*(8).

Noor, A. M., & Simiyu, E. (2020). Equity financing and financial performance of SMEs in Garissa Country, Kenya. *International Journal of Arts and Commerce*, 9(3), 68-82

OECD, 2014. "Labanon", in SME policy index: The Mediterranean Middle East and North Africa 2014: Implementation of the Small Act for Europe, *Available online on https://doi.org/10.1787/9789264218413-en.*

OECD, 2006. The SME financing gap: Theory and evidence, *OECDiLibrary*, 1, 129-134

Ogujiuba, K. K., Ohuche, F. K., & Adenuga, A. O. (2004). Credit Availability to Small and MediumScale Enterprises in Nigeria: Importance of New Capital Base For Banks. *Background and Issues Bullion: Central Bank of Nigeria*, *28*(4), 52-69.

Ojo, A. O. (2006). Cardiovascular complications after renal transplantation and their prevention. *Transplantation*, *82*(5), 603-611.

Okeyo, W. O., Gathungu, J., & Peter, K. O. (2014). The effect of business development services on performance of small and medium manufacturing enterprises in Kenya. *International Journal of Business and Social Research*, 4(6), 12-26

Olutunla, G. T., & Unit, G. S. (2005). Implementation of the small and medium industries equity investment scheme in Nigeria. Retrieved 07/07/2008 from http://www. sbaer. uca. edu/research/icsb/2005/153. pdf.

Omotola, J. S. (2008). Combating poverty for sustainable human development in Nigeria: The continuing struggle. *Journal of Poverty*, *12*(4), 496-517.

Omoruyi, O., & Okonofua, B. A. (2005). Cottage Industries: A tool for rural development and poverty reduction in Nigeria. *Benin Journal of Social Sciences*, *13*(1), 13-26.

Onugu, B. A. N. (2005). Small and medium enterprises in Nigeria: Problems and prospects. *Available online on https://www.stclements.edu/grad/gradonug.pdf*.

Osamwonyi, I. O. (2004). World Bank assisted sites & services projects: A Milestone Evaluation of Nigeria's Makama Experiment. *The Nig. Journal of Econ & Social Studies*, *46*(3), 233-253.

Osamwonyi, I. O., & Tafamel, A. E. (2010). Options for sustaining small and medium scale enterprises in Nigeria: Emphasis on Edo State. *African Research Review*, *4*(3).

Osano, H. M., & Languitone, H. (2016). Factors influencing access to finance by SMEs in Mozambique: a case of SMEs in Maputo central busines district. *Journal of Innovation and Entrepreneurship, 5*(1), 13.

Owolabi, O. A., & Nasiru, A. (2017). Deposit money bank credit to small and medium enterprises, socio-economic performance and economic growth in Nigeria. *International Journal of Development and Sustainability*, *6*(10), 1218-1485.

Oyelaran-Oyeyinka, B. (2003). Innovation and learning by firms in Nigeria: the role of size, skills and ownership. *International Journal of Business and Society*, *4*(1), 1-22.

Pagano, Patrizio & Schivardi, F. (2001). Firms size distribution and growth, *Bana d'Italia Working Paper,* 394.

Parker, C. (2000). Performance measurement. *Work Study,* 49(2), 63-66

Peterside, C. S. (2005). Ameliorating housing deficit in Nigeria: The role of primary and secondary mortgage institutions and the capital market. *Retrived on www. nigeriaworld. com.*

Puspaningrum, A. (2019). The role of business size, business duration, credit facilities and business legalities on SME's growth. *European Journal of Research and Reflection in Management Sciences, 7*(3), 28-36.

Richard, O. C.; Wu, P. & Chadwick, K. (2009). The impact of entrepreneurial orientation on firm performance: The role of CEO position tenure and industry tenure. *The International Journal of Human Resource management*, 20(5), 1078-1095

Robbins, S. (1987). Organizational theory: Structure, design, and application. San Diego: *Editorial Prentice-Hall International.*

Rogers, C. C. (2002). The older population in 21st century rural America. *Rural America/Rural Development Perspectives, 17*(2221-2019-2532), 2-10.

Sandberg, K.,Vinberg, S., & Pan, Y. (2002). An exploratory study of women in micro enterprise; owner perceptions of economic policy in a rural municipality: Creating Welfare and Prosperity through Entrepreneurship, Kuopio Finland. *Gender –Related Differences in CD Proceedings of 12th Nordic Conference on Small Business Research*, 1-14

Sekaran, U. & Bougie, R. (2013). Research methods for business: A skill-building approach (6th edn.). *New York, Wiley*

Schiffer, M., & Weder, B. (2001). Firm size and the business environment: Worldwide survey results. The World Bank. Available on https://EconPapers.repec.org/RePEc:fth:wobafi:43

Scott, A., Darko, E., Lemma, A. & Rud J.P. (2014). How does electricity insecurity affect businesses in low and middle income countries? An overview of electricity and SMEs. *Report on Shaping Policy for Development.*16-80.

Sharma, G., & Bansal, P. (2017). Partners for good: How business and NGOs engage the commercial–social paradox. *Organization Studies*, *38*(3-4), 341-364.

Simin, G. & Sani, M. I. (2015). Effectiveness of ICT integration in Malaysian schools. A Quantitative Analysis. *International Research Journal for Quality in Education*, 2(8), 1-12

Sleuwaegen, L., & Goedhuys, M. (2002). Growth of firms in developing countries, evidence from Cote d'Ivoire. *Journal of Development Economics*, *68*(1), 117-135.

Tahir, F. A., & Inuwa, F. U. (2019). Empirical investigation of the factors affecting micro, small and medium scale enterprises performance in Borno State, Nigeria. *International Business Research*, *12*(4), 30-39.

Tetty C. (1985). Medical practitioners of African descent in colonial Ghana. *International Journal of African Historical Studies*, 18(1), 39-44

Thassanabanjong, K., Miller, P., & Marchant, T. (2009). Training in Thai SMEs. *Journal of Small Business and Enterprise Development*, 16(4), 678-693.

Tsauni, A. M. (2005). Infrastructure and business performance in Nigeria: Evidence from manufacturing sector (1985-2004). In *Conference Paper presented at Department of Business Administration Annual Conference. Bayero University, Kano*.

Tshuma, R., & Mafa, O. (2013). Research designs. *Preparing your Dissertation at a Distance: A Research*, 114.

Wang, Y. (2016). What are the biggest obstacles to growth of SMEs in developing countries? - An empirical evidence from an enterprise survey. *Borsa Istanbu Review*, *5*(1), 167-176.

Woldie, A., Isaac Mwita, J., & Saidimu, J. (2012). Challenges of microfinance accessibility by SMEs in Tanzania. *Thunderbird International Business Review*, *54*(4), 567-579.

World Bank (1994). Can interventions work? The role of government in SME success. Retrieved on *https://openknowledge.worldbank.org/ bitstream /handle/10986/5977/WDR%201994%20-%20English.pdf*

World Bank (2009). Thailand Economic Monitor, April-June, 2009. *Open Knowledge Repository, available on* http://www.worldbank.org.th

World Bank (2002). SME. World Bank Group review on small business activities. *Retrieved from https://www.findevgateway.org /sites /default /files/publications/files/mfg-en-paper-2002-annual-review-small-business-activities-2002_0.pdf*

World Bank (2004). SME. World Bank Group review on small business activities. *Retrieved from https://www.findevgateway.org/sites/ default/files/publications/files/mfg-en-paper-2004-annual-review-small-business-activities-2004_0.pdf*

World Bank (2016). Ghana's microfinance sector; Challenges, risks and recommendations (English). Washington, DC. *Retrieved from https://openknowledge.worldbank.org/bitstream/handle/10986/30214/ 129098.pdf?sequence=4*

World Bank (2017). SME Finance. *Policy Research Working Paper*, 8241

Yoshino, N., & Taghizadeh-Hesary, F. (2016). Causes and remedies of the Japan's long-lasting recession: Lessons for China. *China & World Economy*, *24*(2), 23-47.

You J. (1995). Small firms in economic theory. *Cambridge Journal of Economics,* 19, 441-462.

Zappia, M.T. & Sherk, L. (2017). SMEs and SDGs: Supporting small and medium enterprises to achieve the sustainable development goals.

Retrieved from https://www.blueorchard.com/wp-content/uploads/ Blue-Orchard, -11-12.pdf

APPENDIX A

KREJCIE & MORGAN TABLE

Table for Determining Sample Size of a known population at 95% Confidence level with 5% of error estimate.

Table for Determining Sample Size of a Known Population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

APPENDIX B

QUESTIONNAIRES

QUESTIONNAIRES FOR SMEs IN CAPE COAST

The questionnaire is part of a survey that is being conducted; in partial fulfilment of Master in Business Administration in Finance (MBA Finance) degree from University of Cape Coast on the topic - effect of infrastructure and credit facilities on the performance of SMEs: A case study of SMEs in Cape Coast. The collection of data is particularly for academic purposes, therefore; confidentiality in answers to be provided are highly guaranteed. We appreciate your co-operation and support in given out your precise answers to these questions.

SECTION A

GENERAL INFORMATION

Kindly tick appropriate box

1. Respondent's gender:
   a. Male ☐ b. Female ☐
2. Age (Years):
   a. 20-25 ☐ b. 26-35 ☐ c. 36-49 ☐ d.50-59 ☐ e. 60+ ☐
3. Location of Work.....
4. Nature of Work (Trade Section)
   a. Agribusiness ☐ b. Manufacturing ☐
   c. Electricals and Electronics
   d. Services ☐ e. Garments and Textiles ☐ f. ICT ☐

g. Construction/ Carpentry ☐ h. General Merchant (specify).....

5. Please indicate by ticking your highest education level obtained:

i. No formal education [ ]

ii. Primary Education [ ]

iii. Junior High School [ ]

iv. Secondary/ Technical/ Vocational [ ]

v. University / Tertiary [ ]

vi. Other (specify).....

SECTION B

PART I-INFORMATION ON SME

6. What sector of business do you operate in? .....

7. Number of employees (Tick one)

1-9 [ ] b. 10-99 [ ] c. 100-499 [ ]

8. Have you been able to register your business? Yes [ ] No [ ]

9. If you have (yes), please indicate which department

a. STMA ☐ b. Registrar General's Department ☐

c. NGO ☐ d. Others (specify).....

10. How many years of experience have you acquired in the field of your work

a. 1-3 [ ] b. 4-10 [ ] c. 11-30 [ ] d. 31+ [ ]

PART II - INFORMATION ON CREDIT FACILITIES

11. How do you finance your business? (Please tick as appropriate). Through:

    a. Self-financing ☐ b. Banks ☐ c. Relatives ☐

    d. Money lenders (Susu) ☐ e. Other (specify).....

12. Have you ever acquired loan / credit facility from any financial institution for your business operations?

    a. Yes ☐ b. No ☐

13. If the answer is yes, how was the procedure in the loan acquisition? (Choose only one answer)

    1= Very cumbersome 2= slightly cumbersome 3= Neutral

    4. Not cumbersome but loan takes a longer processing period to be acquired 5 = Loan procedure and acquisition is faster

a. 1 ☐ b. 2 ☐ c. 3 ☐ d. 4 ☐ e. 5 ☐

14. What are some of the problems you encounter in accessing credit facilities (tick appropriate);

    a. Lack of collateral to meet the eligibility criteria ☐

    b. Lack of proper clarification by finance providers on nature of my business for funds ☐

    c. Lack of proper book keeping records for my business performance ☐

    d. Other (specify).....

15. What is your assessment / perception about the interest rates charged by the financial institutions? (tick only one)

a. Very low ☐ b. Low ☐ c. Satisfactory ☐ d. High ☐

e. Very high ☐

16. If your answer (in question 12) is No, why haven't you acquired loan yet?

a. Not interested ☐ b. Self Sufficient ☐ c. Cumbersome procedure ☐ d. Insufficient documents to meet requirement ☐

e. Other (specify).....

Table A: Access to finance and its effect on financial performance of SMEs in Cape Coast.

Kindly respond to the statement using the scale of 1 to 5 provided. Strongly disagree (SD) is represented as 1, Disagree (D) as (2), Neutral (N) as 3, Agree (A) as 4, Strongly Agree (SA) as 5. Tick (√) the box that best describe your opinion.

	Statements	1	2	3	4	5
17.	Access to finance or access to capital for the purchase of fixed and current assets are essential to sustain a firm's competitive advantage					
18.	SMEs need financial capital to obtain physical resources to take advantage of business opportunities					
19.	The financial resources have effect on firm performance					
20.	SMEs with access to funding will perform better than SMEs without access to finance					
21.	Access to finance has a significant effect on performance of SMEs					

PART III- INFORMATION ON INFRASTRUCTURE

22. What are some of the infrastructures you use mostly in your business? (Tick as appropriate)

    a. Electricity ☐ b. Water ☐ c. Road ☐

    d. Telecommunication ☐

    e. Other (specify).....

23. What is the state of infrastructure you mostly need/ use for your business activities? (tick only one)

    a. Very good condition [ ] b. Good condition [ ] c. Not Sure [ ] d. Not in good condition [ ] e. Extremely bad condition [ ]

24. In general, how well and available do you think are infrastructures in the metropolis to support business (SME) development?

    a. They are very adequate and in good shape for business development [ ]

    b. They are adequate for business development [ ]

    c. Neutral / Not sure [ ]

    d. They are inadequate but in good shape for business development [ ]

    e. They are very inadequate and unreliable for business development [ ]

25. How has the availability and maintenance of infrastructure for your business operations affect your operational cost?

    a. It has highly increased operational cost [ ]

b. It has increased operational cost [ ]

c. Neutral / no effect [ ]

d. It has decreased operational cost [ ]

e. It has extremely decreased operational cost [ ]

26. How has the availability of infrastructure affect your profit margin

a. It has highly increased my profit margin [ ]

b. It has increased profit margin [ ]

c. Neutral / no effect [ ]

d. It has decreased profit margin [ ]

e. It has extremely decreased profit margin [ ]

27. In your opinion, what are the challenges you encounter with inadequate infrastructures that hinder SMEs development in the metropolis (give at most two challenges)

.....

.....

Table B: Infrastructure constraints to SME's in Cape Coast.

Respond to the statement using the scale of 1 to 5 provided: Strongly disagree (SD) is represented as 1, Disagree (D) as 2, Neutral (N) as 3, Agree (A) as 4, Strongly Agree (SA) as 5. Tick (√) the box that best describe your opinion.

	Statements	1	2	3	4	5
28.	The electricity supply in Cape Coast is inadequate and unstable					
29.	The conditions for roads are not good for business to thrive					
30.	There are insufficient water supply for business in Cape Coast					
31.	There are problems of telecommunication systems, which are the inefficiency in making any business to achieve success					
32.	The businesses face the problem of inadequate transportation systems					
33.	The old (archaic) nature of infrastructure affects businesses in Cape Coast					

Table C: Effect of infrastructure on SMEs performance

Respond to the statement using the scale of 1 to 5 provided: Strongly disagree (SD) is represented as 1, Disagree (D) as 2, Neutral (N) as 3, Agree (A) as 4, Strongly Agree (SA) as 5. Tick (√) the box that best describe your opinion.

	Statements	1	2	3	4	5
34.	Adequate infrastructure enhances SMEs in Cape Coast metropolis					
35.	SME's are more productive in environments where stocks of public infrastructure are available					
36.	Infrastructure such as electricity power supply provides great influence on performance of SMEs.					
37.	Infrastructure such as good road network promote performance of SME					
38.	The efficient communication system promotes performance of SME					
39.	The availability of good infrastructure facilities provide conducive environment for SMEs to develop					

Table D: SME's Performance

Respond to the statement using the scale of 1 to 5 provided: Strongly disagree (SD) is represented as 1, Disagree (D) as 2, Neutral (N) as 3, Agree (A) as 4, Strongly Agree (SA) as 5. Tick (√) the box that best describe your opinion for each question.

40.	**Statements**	1	2	3	4	5
41.	The sales of the business have increased					
42.	There is an increase in the number of employees					
43.	The size of the business transaction has increased					
44.	The number of business customers has increased					

What are your recommendations to solve these problems (give at most two)

.....

.....

.....

Thank you for your contributions