Alhassan, Yahaya, Nwagbara, Uzoechi and Salia, Samuel (2021) Analysis of Factors that affect the use of Microfinance for Microbusiness Development in Ghana. In: Microfinance and Sustainable Development in Africa. IGI Global Publishing. ISBN 9781799874997

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Analysis of Factors that affect the use of Microfinance for Microbusiness Development in Ghana

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ABSTRACT

This chapter examined the factors that affect the use of microfinance for microbusiness development in Ghana. The study employed semi-structured survey questionnaire to determine whether an entrepreneur's personal attributes impede or facilitate microbusiness development in Ghana. Multiple linear regression analysis was conducted to determine the effects of entrepreneur's personal attributes on the monthly sales, number of employees, business assets and capital stock of microbusinesses that received credit from a microfinance provider in the northern region of Ghana. The findings of the study suggest that the micro-entrepreneurs prior work experience, occupation and prior income facilitate the use of microfinance for microbusiness development. These findings have policy implications for the government of Ghana and other agencies that are interested in using microfinance as a catalyst for economic growth in deprived communities in the country.

Keywords: Microcredit, Entrepreneur, Personal, Attributes, Business, Micro-entrepreneur, Gender, Age, Experience, Education, Experience, Qualification, Duration, Operation.

1. INTRODUCTION

The widespread use of microfinance as a key source of finance for microbusinesses in developing countries and recently in some developed countries has generated several studies that have attempted to determine its impact on microbusiness growth. For instance, Rotich, et al. (2015) found that the provision of microfinance increased the performance of microbusinesses in Sub-Saharan Africa. Similarly, analysis of Mochona (2006) suggests that clients of microfinance institutions in Ethiopia may have improved their level of sales from the use of microfinance. This view is consistent with Cooper (2012) who argues that microfinance services have helped businesses in Kenya to grow their monthly sales from micro to small and from small to medium. Microfinance has also been reported to have made a positive contribution to the development of microbusinesses in Asia. In particular, a study conducted in Malaysia found that microfinance impacted positively on total assets of microbusinesses (Al Mamun, et al., 2012). This may explain

why Kondo, et al. (2008) concluded that generally, microfinance increases microbusiness productivity and creates jobs for the poor.

Other narratives from existing microfinance literature suggest that the personal attributes of the micro-entrepreneur may have influenced the growth of microbusinesses in developing countries. Taiwo, et al. (2016) for example, found that businesses owned by male micro-entrepreneurs generate more employment than those owned by their female counterparts. Also, a study conducted in Kenya by Naituli, et al., (2006) found a significant positive relationship between the age of the entrepreneur and the sales revenue of micro and small enterprises. Furthermore, Vikas and Vijayalakshmi (2017) have shown that the educational qualification of micro-entrepreneurs impacted positively on the sales of women enterprises in India. The influence of an entrepreneur's work experience and ethnicity on microbusiness development has also been reported by various researchers. Cabrera and Mauricio (2017) for instance, found a positive relationship between an entrepreneur's work experience and capital stock. Wang and Altinay (2012) have also shown that a significant positive relationship exists between the ethnicity of entrepreneur and microbusiness employment growth. Further evidence from existing literature also suggest that key attributes of a microbusiness such as the type of business, industry sector, location, source of capital and duration of operation may also influence microbusiness development (Mshenga, et al., 2010, Osei-Assibey, et al., 2012, Gill and Biger 2012, Kanyare and Mungai 2017, Li and Rama 2015).

However, further analysis of existing literature suggest that characteristics factors that impede or facilitate the use of microfinance for microbusiness development in developing countries particularly in Ghana has been under research. This raises the question: what are the distinctive factors that impede or facilitate the use of microfinance for microbusiness development in Ghana? The aim of this chapter therefore is to cover this knowledge gap by analysing the distinctive factors that impede or facilitate the use of microfinance for microbusiness development in Ghana.

2. MICROFINANCE

Researchers who have attempted to describe microfinance rather explained the services microfinance institutions provide which in actual sense differ depending on the provider and the context within which such services are provided. Microfinance according to Ledgerwood, et al. (2013) is a combination of financial services made up of loans and savings designed purposely to alleviate poverty. Equally, Ebomuche, et al. (2014) define microfinance as the provision of credit at higher interest rates to individuals who have no access to traditional banks. Moreover, microfinance has been described by Martin, et al. (2002) as the provision of credit, deposits and insurance to financially disadvantaged households and microbusinesses. Perhaps the differences that emerged from the various explanation of microfinance are due to the fairly new nature of the concept of microfinance. Therefore, it is reasonable to suggest that microfinance institutions are still trying different services in order to ascertain the right mix of services for promoting microbusiness growth. Nevertheless, outcomes of analysis and evaluation of the various definitions offer a common basis for understanding microfinance. Overall, the outcomes of the review of the above definitions suggest that microfinance is designed to deliver credit and other financial services to people who have no access to traditional formal banks. It is very essential to note that the concept of microfinance is dynamic and has continued to change from the 18th century to date.

Certainly, the ability of microfinance institutions to effectively provide credit to individuals and groups without collateral has enhanced financial inclusion in deprived communities around the world (Ghosh, 2013). These achievements have been recognised by several international organisations. For instance, the Grameen bank and the founder of the bank (Muhammad Yunus) received the prestigious Noble Peace price in 2006. This award is perhaps a confirmation of the acceptance of microfinance as a financial inclusion strategy for poverty alleviation (Ledgerwood, 2013).

Empirical evidence suggests that microfinance outreach in the world exceeded 135 million customers in the last 20 years (Mia et al., 2019). Likewise, Bondinuba (2020) suggest there were over 10,000 microfinance institutions around the world in 2020. Moreover, despite the recent Covid-19 pandemic about 90 million microfinance borrowers were reached globally in 2020 alone (Oshora et al., 2020). Furthermore, Cull, et al. (2014) found that the Grameen bank solely funded over 8 million microbusinesses in 2011. Another microfinance institution that has been reported to have made significant contributions to the lives of millions of low-income earners and microbusiness development is the Bank Rakyat of Indonesia (Steinwand, 2013). Perhaps it is these positive outcomes that have influenced the Microfinance Summit to suggest that microfinance institutions will reach about 175 million low-income earners including microbusinesses globally by 2025. However, the question is whether microfinance institutions have achieved their intended objectives to justify the huge publicity about their achievements.

Microfinance success stories have also been reported by Ahmed (2009) and Ashcroft (2008). These studies have shown that microfinance institutions played a significant role in poverty alleviation in the last two decades. Against this background, Ghosh (2013) argue that microfinance institutions all over the world provide services that have helped to promote microbusiness development and financial inclusion in deprived communities. In this context, will the provision of microfinance to microbusinesses in Ghana yield similar positive outcomes?

Further analysis of existing literature provide evidence that microfinance has produced positive microbusiness development outcomes which has potential to improve incomes and reduce poverty in poor areas (Rotich, et al., 2015; Masanga and Jera, 2017; Cooper 2012). However, there are other narratives from existing microfinance literature that suggests that the personal attributes of the micro-entrepreneur such as the gender, age, level of education, prior income, work experience, ethnicity and occupation may influence the use of microfinance for microbusiness development.

3. FACTORS THAT INFLUENCE USE OF MICROFINANCE FOR MICROBUSINESS DEVELOPMENT

3.1 Gender of Micro Entrepreneur

Analysis of Monahan, et al., (2011) suggests that entrepreneur gender has a positive impact on microenterprise sales volume in some parts of the United State of America. However, Chirwa (2008) found gender to have no impact on the sales revenue of microenterprises in Malawi. With regards to the impact of gender on employment creation by microbusiness, Taiwo, et al. (2016) found that businesses owned by male micro-entrepreneurs generate more employment than those owned by their female counterparts in Nigeria. Similarly, a previous study conducted in Pakistan

by Naeem (2016) found that microbusinesses operated by male entrepreneurs created more jobs than female operated businesses. However, the outcomes of Atmadja, et al., (2018) suggests that entrepreneur gender has a negative impact on microenterprise employment creation in Indonesia. Besides, Dutta and Banerjee (2018) have also shown that the gender role of women entrepreneurs in Bangladesh forces them to be less risky which often encourage them to invest in low growth businesses which impact negatively on their ability to employ more staff. With regards to the analysis of prior research on the influence of micro-entrepreneur's gender on the growth microbusiness assets, Morris, et al., (2006) have shown that the gender of microbusiness owners may have no impact on the growth of the business assets. This view is supported by Robinson and Finley (2007) who suggest that the gender of micro-entrepreneur has no impact on the growth of micro business assets. In view of the above mixed outcomes on the impact of gender on microbusiness growth, research in Ghana to explore the role of gender on microbusiness development could enhance our knowledge.

3.2 Age of Micro Entrepreneur

Evidence from microfinance literature suggests that the age of an entrepreneur may have a significant impact on microbusiness development. In particular, a study conducted in the North and Central Meru districts of Kenya by Naituli, et al., (2006) found that the age of the entrepreneur positively impacts on the sales revenue of micro and small-scale women-owned enterprises. This positive outcome on the impact of age on microbusiness sales appears not to be supported by Chowdhury, et al., (2013) as these researchers found age to have a negative impact on the sales revenue of microenterprises in Bangladesh.

With regards to the possible impact of entrepreneur's age on the number of people employed by a microbusiness, evidence from Tanveer, et al., (2013) appears to suggest that entrepreneur's age positively impact on business success and employment creation. Similarly, Rose, et al., (2006) have shown that the age of the owner(s) of a microbusiness has significant positive implications for the employment creation and success of the business. However, Antoncic (2009) found that an entrepreneur's age has no impact on their ability to employ more people and business success.

The work of Fadahunsi (2012) suggests that the age of an entrepreneur have no correlation with improvement in the assets of small businesses in the United States. This is consistent with Headd and Kirchoff (2009) who also concludes that the age of an entrepreneur may have no impact on business assets and the overall performance of small businesses. However, there are other narratives in the existing literature that suggests that age has a direct influence on business assets and success. For instance, Chowdhury, et al., (2013) found a negative correlation between the age of entrepreneur and business growth including increased business assets. Perhaps these mixed results suggest that the influence of entrepreneur's age on microbusiness growth has not been adequately examined and therefore a study to examine the influence of entrepreneur's age on ethnic minority microbusiness development in Ghana is justified.

3.3 Micro Entrepreneur Level of Education

The influence of an entrepreneur's level of education on microbusiness development has also been reported by various researchers. For instance, Vikas and Vijayalakshmi (2017) found that the educational qualification of micro-entrepreneurs impacted positively on the sales of women

enterprises in India. Similarly, Obebo, et al., (2018) have shown that the tertiary education level of a micro-entrepreneur is key determinants of participation in microfinance and hence the monthly sales performance of the microbusiness.

With regards to the influence of entrepreneur's level of education on employment creation, Barazandeh, et al., (2015) found the entrepreneur's level of education to be positively related to microbusiness development including the number of people employed by the enterprise. Likewise, a study conducted by Chirwa (2008) demonstrates that education is a critical factor in contributing towards women micro-entrepreneurs' performance (measured by profit margin and growth in employment). However, outcomes of Taiwo, et al., (2016) suggests that businesses owned by male micro-entrepreneurs in Nigeria generate more employment than those owned by their female counterparts while employment declined in the enterprises owned by those with no formal education.

Using a cross-sectional design and structured interviews, Mamun (2016) suggests that women microentrepreneurs' level of education have a significant positive impact on microenterprise assets and overall performance in Malaysia. The work of Martin and Alejandro (2016) also suggests that formal education acquired at educational institutions by the entrepreneurs plays a role not only in terms of determining the productivity level across enterprises but also in enhancing long-run productivity. However, evidence from Kiyai, et al., (2019) suggest a negative correlation between increased business assets and entrepreneur's level of education. In view of the inconclusive outcomes on the impact of entrepreneur's level of education on microbusiness growth, research in the United Kingdom to explore the influence of entrepreneur level of education on ethnic minority microbusiness development could enhance our knowledge.

3.4 Prior Income of Micro Entrepreneur

Analysis of existing literature provides evidence that the entrepreneur's prior income positively impact on microbusiness development. For instance, Qin, et al., (2019) employed a two-stage Hackman model to examine the impact of farmers' family characteristics on use of microfinance and the subsequent impact on the performance of the agribusiness in Northern China. The outcome of their study suggests that farmers' prior income is positively related to the total sales of the micro agribusiness. Similarly, the outcomes of Muthoni (2016) also suggests that borrowers' characteristics such as prior income may have contributed positively to the sales revenue of microenterprises in Kenya. Furthermore, analysis of Nandamuri and Gowthami (2013) suggests that entrepreneur prior income has a profound impact on entrepreneurial resourcefulness and its ability to employ more people. Therefore, a study of the possible impact of entrepreneur prior income on ethnic minority microbusiness growth in the United Kingdom could provide further insight into the relationship between microentrepreneur's income and microenterprise development.

3.5 Micro Entrepreneur's Work Experience

The influence of an entrepreneur's work experience/occupation on microbusiness development has also been reported by various researchers. For example, Cabrera and Mauricio (2017) found that an entrepreneur's work experience has a positive impact on capital stock. Similarly, Adegbite, et al., (2007) found that micro-entrepreneurs prior work experience has a positive impact on the

working capital of microenterprises in Nigeria. The outcomes of Chowdhury, et al., (2013) in Bangladesh support findings above as they too found a positive correlation between prior occupation and microenterprise growth. However, Simpson, et al., (2004) found micro-entrepreneurs work experience to have no impact on business revenue. Perhaps these mixed results suggest that the influence of entrepreneur's work experience/occupation on microbusiness growth has not been adequately examined and therefore a study to examine the influence of these variables on ethnic minority microbusiness development in the United Kingdom is justified.

3.6 Ethnicity of Micro Entrepreneur

Entrepreneur's ethnicity has also been reported to have made positive contributions to microbusiness development in several countries. In particular, Monahan, et al., (2011) found micro-entrepreneurs ethnicity to have a significantly positive impact on microenterprise number of employees in the United States. Similarly, using face-to-face interviews, Wang and Altinay (2012) have shown that the ethnicity of entrepreneur has a significant positive impact on microbusiness employment growth.

Furthermore, Scott, et al., (2012) have shown that ethnicity or race of micro-entrepreneur is connected to the growth of microbusiness assets. Likewise, Bagwell (2008) concludes that the ethnic background of the entrepreneur positively relates to the performance of their business. However, Thapa (2015) found ethnicity to have no impact on sales in a study conducted in Nepal. Similarly, Fadahunsi (2012) also argues that the ethnicity of a micro-entrepreneur is unlikely to have any significant impact on the business assets and general growth of the business. In view of the mixed outcomes on the impact of an entrepreneur's ethnicity on microbusiness growth, research in the United Kingdom to explore the influence of ethnicity on ethnic minority microbusiness development could enhance our knowledge.

4. METHODOLOGY

4.1 Data and study Sample

Semi-structured questionnaire was used to collect data from 275 microbusinesses that received microfinance from a microfinance institution in the northern region of Ghana. The data was used to investigate the impact of entrepreneur's personal characterisrics on use of microfinance for microbusiness development in Ghana. The microbusinesses selected were located in Tamale municipality, Savelugu, Walewale, Salaga, Bimbila, Yendi and Tolon. The 275 microbusinesses were drawn from the database of a microfinance institution based in Tamale with branches in all the areas of the research.

4.2 Research Variables

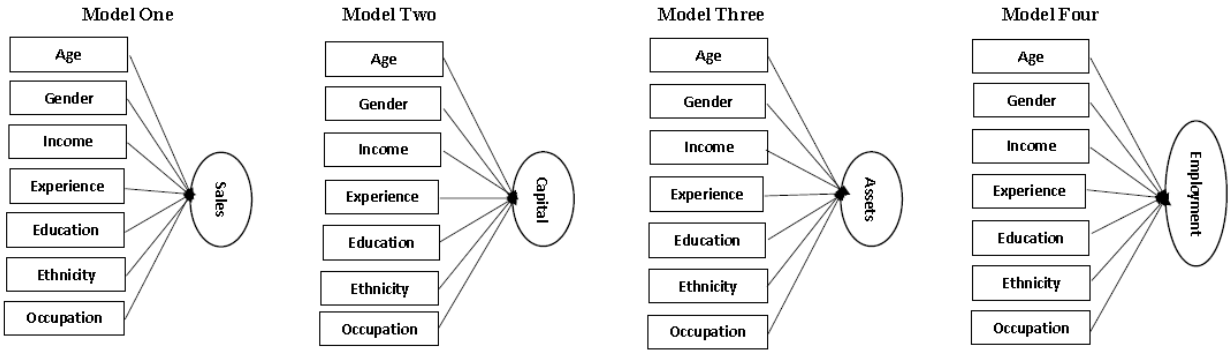
This study's main dependent variable is microbusiness development, proxied by capital stock, sales, assets and number of employees**.** Studies such as (Akingunola, et al., 2018; Naeem, et al., 2015) have used capital stock, sales, business assets and total number of employees to measure microbusiness development. For instance, Akingunola, et al., (2018) adopted capital stock, sales, business assets and total number of employees to measure the impact of microfinance on the growth of small and medium size enterprises in Nigeria. According to Al Mamun, et al., (2012) capital stock, sales, business assets and total number of employees delivers more robust evidence

of business growth compared to other measures of microbusiness development. The benefit of using capital stock, sales, business assets and total number of employees as a measure of microbusiness development is that it is easily quantifiable (Naeem, eta al., 2015). The use of these proxies (capital stock, sales, business assets and total number of employees) as a measure of microbusiness development demonstrates the extent to which the performance of a microbusiness has improved or worsened over a period of time (Panda, 2016). This chapter's key independent variable is microfinance, measured as the amount of credit provided to entrepreneur to set up a new business or improve existing business. Prior studies that have used this measure to capture microfinance include Akingunola, et al., 2018; Naeem, et al., 2015 and Al Mamun, et al., 2012. In the study, the authors designate the personal characteristics of the entrepreneur as moderating variables. Several studies have used entrepreneur personal characteristics as moderating variables (Chowdhury, et al., 2013; Obebo, et al., 2018 and Qin, et al., 2019). The personal attributes in this chapter include; gender, age, level of education, occupation, work experience, income and ethnic origin.

4.3 Multiple Linear Regression Model

To achieve the study objective of establishing the factors that impede or facilitate the use of microfinance for microbusiness development, stepwise multiple linear regression technique was used to determine if the personal attributes of the entrepreneurs studied (**see figure 1)** affected the growth of microbusinesses in Ghana**.** The dependent variables tested include monthly sales, capital, assets and employment creation.

Figure 1. Regression Models for Personal Attributes of Entrepreneur (Authors, 2021)
Source: Created by Author from Ansari and Riasi (2016)



5. CONCLUSIONS AND RECOMMENDATIONS

To achieve the study objective of establishing the factors that impede or facilitate the use of microfinance for microbusiness development, stepwise multiple linear regression technique was used to determine if the personal attributes of the entrepreneurs studied affected the growth of microbusinesses in Ghana**.** Accordingly, the following conclusions consistent with the chapter objectives were reached:

With regard to the impact of the micro-entrepreneurs personal attributes on microbusiness monthly sales, findings from the stepwise multiple linear regression analysis established that the micro-

entrepreneurs ethnicity has a negative impact on the monthly sales. Thus, this study concludes that the ethnicity of the micro-entrepreneur impedes use of microfinance and growth of monthly sales of microbusinesses. With regard to the impact of the micro-entrepreneurs prior occupation on monthly sales, it was found that a positive relationship exists between micro-entrepreneurs prior occupation and monthly sales. The study, therefore, concludes that the micro-entrepreneurs prior occupation facilitate use of microfinance and the growth of monthly sales of microbusinesses. In respect of the impact of micro-entrepreneurs prior income on monthly sales, this experiment found a positive relationship between prior income of the micro-entrepreneur and monthly sales of microbusinesses. Thus, this study concludes that micro entrepreneur's prior income facilitate the use of microfinance which impacts positively on the monthly sales of microbusinesses. With regard to the impact of micro-entrepreneurs gender, age, level of education and work experience on microbusiness monthly sales, this study found no impact on the monthly sales of microbusinesses. This study, therefore, concludes that entrepreneur's gender, age, level of education and prior work experience neither impede nor facilitate the use of microfinance for improvement of microbusiness monthly sales.

In respect of the impact of the micro-entrepreneurs personal attributes on microbusiness number of employees, it was found that the micro-entrepreneurs ethnicity has a negative impact on microbusiness number of employees. This study thus concludes that the ethnicity of the micro-entrepreneur impedes use of microfinance and microbusiness employment creation. With regard to the impact of micro-entrepreneurs age, level of education, occupation, work experience and prior income on the number of employees, the study found no impact on the number of employees of microbusinesses. Thus, the entrepreneur's age, level of education, occupation, work experience and prior income neither impede nor facilitate use of microfinance and employment creation. It was also found that the gender of the micro-entrepreneur has a negative influence on microbusiness employment creation. Thus, the study concludes that the gender of the entrepreneurs investigated impede use of microfinance and the microbusiness ability to employ more people and the growth of the business.
In the case of the impact of the micro-entrepreneurs personal attributes on microbusiness assets, it was found that the micro-entrepreneurs ethnicity has a statistically significant negative relationship with business assets. This study thus concludes that the ethnicity of the micro-entrepreneur impedes use of microfinance and microbusiness assets growth. For the entrepreneur's gender, age, level of education, occupation, work experience and prior income, the study found no impact on the assets of microbusinesses. Thus, the study concludes that the entrepreneur's gender, age, level of education, occupation, work experience and prior income neither impede nor facilitate use of microfinance and microbusiness assets growth.

With regard to the impact of micro-entrepreneurs personal attributes on microbusiness capital stock, it was found that the micro-entrepreneurs prior work experience has a significant positive relationship with capital stock. The study, therefore, concludes that micro-entrepreneurs prior work experience facilitates use of microfinance and the growth of microbusiness capital stock. The study, however, found that the micro-entrepreneurs gender, age, level of education, occupation, prior income and ethnicity have no impact on microbusiness capital stock. Thus, this study concludes that the entrepreneur's gender, age, level of education, prior occupation and income and ethnicity neither facilitate nor impede use of microfinance and microbusiness capital stock.

1. Nexus between Entrepreneur Personal Attributes, use of Microfinance and Microbusiness Sales

Analysis of existing literature provides evidence that microfinance has produced positive microbusiness development outcomes which improve incomes and reduce poverty in poor areas (Rotich, et al., 2015; Masanga and Jera, 2017; Cooper 2012). However, the findings of this study and evidence from existing microfinance literature suggest that the personal attributes of the micro-entrepreneur such as the gender, age, level of education, prior income, experience and occupation may facilitate or impede the growth of the microbusiness. In this regard, this study established that micro-entrepreneurs ethnicity might have negatively influenced the use of microfinance as the results show that the monthly sales of the microbusinesses studied reduced due to their ethnicity. Thus, this study concludes that the ethnicity of the micro-entrepreneur impedes microbusiness development in Ghana. This outcome is inconsistent with Thapa (2015) who found no relationship between ethnicity and sales in a study conducted in Nepal. However, Monahan, et al., (2011) found a significantly positive relationship between micro-entrepreneurs ethnicity and sales volume in the United States. The outcome of this study on ethnicity suggests that microfinance providers should consider the ethnicity of owners of microbusinesses in their review of loan applications.

This study also found a positive impact of micro-entrepreneur's prior occupation on use of microfinance as the monthly sales of the microbusinesses studied improved. This finding is supported by existing literature, for instance, Adegbite, et al., (2007) established a positive relationship between the entrepreneur's prior occupation and sales revenue in Nigeria. The outcomes of Chowdhury, et al., (2013) in Bangladesh also support the findings of this study as they too found a positive correlation between prior occupation and microenterprise growth. The findings of the present study, therefore, suggests that the micro-entrepreneurs prior occupation facilitate microbusiness development in Ghana. This outcome has implication for policymakers. Thus, policies aimed at developing microbusinesses should be designed to encourage individuals working in the private and public sectors to set up businesses either as individuals or groups.

With regards to prior income, this experiment found that prior income of the micro-entrepreneur has a positive impact on monthly sales of the microbusinesses studied. Thus, this study found that the micro-entrepreneur's prior income facilitate the use of microfinance for microbusiness development in Ghana. These findings are consistent with existing microfinance literature. For instance, Qin, et al., (2019) employed a two-stage Hackman model to examine the impact of farmers' family characteristics on use of microfinance and the subsequent impact on the performance of the agribusiness in Northern China. The outcome of their study suggests that farmers' prior income is positively related to the total income of the micro agribusiness. The findings of this study and the Chinese experiment can be very useful to policymakers as the findings provide examples of factors that need to be considered in the design of microfinance services. The outcomes of Muthoni (2016) also support the findings of this research as the study found that borrowers' characteristics such as prior income may have contributed positively to the sales revenue of microenterprises in Kenya. These findings have further implications for policymakers including providers of microfinance services in Ghana. It is recommended that microfinance companies and other financial institutions should always consider the prior income of entrepreneurs in their assessment of microbusiness loan applications as this has been proven to influence loan use and repayment.

With regard to the micro-entrepreneur's gender, age, level of education and work experience, the chapter found no relationships with these four attributes and the monthly sales of the microbusinesses studied. Thus, the entrepreneur's gender, age, level of education and prior work experience neither impede nor facilitate their use of microfinance for microbusiness growth in the Ghana. The outcome of this study on the impact of gender appears to be consistent with Chirwa (2008) who also found no relationship between gender and the sales revenue of microenterprises in Malawi. The result, however, contradicts the outcomes of Monahan, et al., (2011) as they found a significant correlation between gender and microenterprise sales volume in the United States. The outcome of this present study on nexus between age, use of microfinance and monthly sales appears not to be supported by Chowdhury, et al., (2013) as these researchers found a negative relationship between age and sales revenue of microenterprises in Bangladesh. Similarly, a study conducted in the North and Central Meru districts of Kenya by Naituli, et al., (2006) also found a significant relationship between age of the entrepreneur and the sales revenue of micro and small-scale women-owned enterprises. The result of the study on the impact of the entrepreneur's level of education is also inconsistent with recent literature. For instance, Vikas and Vijayalakshmi (2017) found that the educational qualification impacted positively on the turnover of women entrepreneurs in India. Similarly, Obebo, et al., (2018) have shown that the tertiary education level of a micro-entrepreneur is key determinants of participation in microfinance and hence the performance of the microbusiness. Furthermore, this study outcome on the relationship between the entrepreneur's work experience, use of microfinance and microbusiness monthly sales appears to be supported by Simpson, et al., (2004) as they too found no relationship between micro-entrepreneurs work experience and business revenue.

2. Nexus between Entrepreneur Personal Attributes, use of Microfinance and Microbusiness Employment Creation

The findings of this study and previous experiments on use microfinance also suggest that the personal attributes of the micro-entrepreneur such as the gender, age, level of education, prior income, experience, occupation and ethnicity may have a significant relationship with microbusiness employment creation. In this context, this chapter concludes that micro-entrepreneur's ethnicity has a negative impact on use of microfinance as the number of people employed by the microbusinesses studied reduced significantly due to their ethnicity. Similar to the impact of ethnicity on monthly sales, this study thus concludes that the ethnicity of the micro-entrepreneur impedes microbusiness development in Ghana. The outcomes of Monahan, et al., (2011) appears to contradict the findings of this study as they found a significantly positive relationship between micro-entrepreneurs ethnicity and microenterprise number of employees in the United States. Similarly, using face-to-face interviews in the UK, Wang and Altinay (2012) have shown that a significant positive relationship exists between the ethnicity of entrepreneur, use of microfinance and microbusiness employment growth. The findings of this study, therefore, have implications for understanding the role of the ethnic background of micro-entrepreneurs and the employment growth of microbusinesses.

With regard to the micro-entrepreneurs age, level of education, occupation, work experience and prior income, the study found no relationships with these attributes and the number of employees of the microbusinesses studied. Thus, the entrepreneur's age, level of education, occupation, work experience and prior income neither impede nor facilitate their ability to create employment. The finding of this study that the entrepreneur's age has no relationship with the number of people

employed by the microbusiness is supported by Antoncic (2009) who found that an entrepreneur's age is not related to their ability to employ more people and business success. However, evidence from Tanveer, et al., (2013) appears to contradict this outcome as they argue that an entrepreneur's age positively relates to business success and employment creation. Similarly, Rose, et al., (2006) have shown that the age of the owner(s) of a microbusiness has significant implications for the employment creation and success of the business. The finding of this study thus has implications for understanding the relationship between micro-entrepreneurs age and business success.

In addition to the above, this study found that the gender of the micro-entrepreneur may have a negative influence on use of microfinance for microbusiness employment creation. This suggests that the gender of the entrepreneurs investigated impede the microbusiness ability to employ more people and the growth of the business. Therefore, the negative relationships found between gender and microenterprise employment creation and development in Indonesia by Atmadja, et al., (2018) are consistent with the findings of this chapter. Besides, Dutta and Banerjee (2018) have also shown that the gender role of women entrepreneurs in Bangladesh forces them to be less risky which often encourage them to invest in low growth businesses which impact negatively on their ability to employ more staff. However, a previous study conducted in Pakistan by Naeem (2016) found that microbusinesses operated by male entrepreneurs created more jobs than female operated businesses. The implication of this rare findings suggests that men utilise services received from microfinance companies better than their female counterparts.

3. Nexus between Entrepreneur Personal Attributes, use of Microfinance and Microbusiness Assets

Previous experiments on microfinance impact and the findings of this study further suggest that micro-entrepreneur's gender, age, level of education, prior income, experience, occupation and ethnicity may have a significant relationship with microbusiness business assets. In this context, this study found that micro-entrepreneurs ethnicity has a statistically significant negative relationship with use of microfinance and business assets. Similar to the impact of ethnicity on monthly sales and number of employees this study thus concludes that the ethnicity of the micro-entrepreneur, impedes microbusiness development in Ghana. Evidence from existing literature that supports this outcome includes Fadahunsi (2012) who argues that the ethnicity of a micro-entrepreneur is unlikely to have any significant impact on the business assets and general growth of the business. However, Scott, et al., (2012) have shown that ethnicity or race of micro-entrepreneur is connected to the growth of microbusiness assets in the United States. Similarly, Bagwell (2008) concludes that the ethnic background of the entrepreneur positively relates to the performance of their business.

For the entrepreneur's gender, age, level of education, occupation, work experience and prior income, this study found no relationships with these attributes and the assets of the microbusinesses studied. Thus, the ethnic minority entrepreneur's gender, age, level of education, occupation, work experience and prior income neither impede nor facilitate microbusiness assets growth in Ghana. With regards to the gender of the entrepreneur, evidence from existing literature appears to support the finding of this study that gender has no relationship with the growth of microbusiness assets. For instance, Morris, et al., (2006) found that the gender of microbusiness owners may have no impact on the growth of the business assets. This view is also supported by

Robinson and Finley (2007) who suggest that the growth of microbusiness assets have no relationship with the gender of the micro-entrepreneur.

The finding of this study on the impact of age on business assets appears to be also supported by prior research. For example, the work of Fadahunsi (2012) suggest that the age of an entrepreneur have no correlation with improvement in the assets of small businesses in the United States. This is consistent with Headd and Kirchoff (2009) who also concludes that the age of an entrepreneur may have no impact on business assets and the overall performance of small businesses. There are other narratives in the existing literature that suggests that age has a direct influence on business assets and success. For instance, Chowdhury, et al., (2013) found a negative correlation between the age of entrepreneur and business access. The outcome of this study on the relationship between entrepreneur's level of education and business assets contradicts the findings of Barazandeh, et al., (2015) who found the entrepreneur's level of education to be positively related to business performance. Similarly, Obebo, et al., (2018) have shown that the tertiary education level of a micro-entrepreneur is key determinants of participation in microfinance and hence the performance of the microbusiness. The results of this study on micro-entrepreneur's prior occupation, work experience and prior income appear to be unique as some researchers have suggested otherwise. For instance, Qin, et al., (2019) found that farmers' prior income positively related to the business assets of the micro agribusiness in China. Similarly, Muthoni (2016) also found that borrowers' characteristics such as prior occupation and income may have contributed positively to the use of microfinance for microenterprise development in Kenya.

4. Nexus between Entrepreneur Personal Attributes, use of Microfinance and Microbusiness Capital Stock

The findings of this study and prior research on microfinance impact also suggest that the micro-entrepreneur's gender, age, level of education, prior income, work experience, occupation and ethnicity may have a significant relationship with microbusiness capital stock. For the micro-entrepreneur's prior work experience, the findings of this study suggest that the entrepreneur's prior work experience has a significant positive relationship with capital stock. This result is consistent with Cabrera and Mauricio (2017) who also found a positive impact of entrepreneur's work experience on capital stock. Similarly, Adegbite, et al., (2007) have also found a positive relationship between micro-entrepreneurs prior work experience and the working capital of microenterprises in Nigeria. This findings and the outcomes of the prior research above have implication for policymakers. Thus, policies aimed at developing microbusinesses should encourage individuals working in the private and public sectors to set up businesses either as individuals or groups.

However, the findings of this study also show that the micro-entrepreneur's gender, age, level of education, occupation, prior income and ethnicity have no impact on microbusiness capital stock. Thus, this study concludes that the entrepreneur's gender, age, level of education, prior occupation and income and ethnicity neither facilitate nor impede microbusiness capital stock. The results of this study suggesting that no relationship exists between an entrepreneur's gender, age and microbusiness capital stock are supported by Chirwa (2008) and Fadahunsi (2012). However, the lack of relationship between micro-entrepreneurs level of education and capital stock established by this study appears not to be supported by existing microfinance literature. For example, Vikas and Vijayalakshmi (2017) have shown that the level of education of women entrepreneur's in India

contributed to the amount of capital acquired by their respective businesses which impacted positively on the success of the business. Besides, the work of Obebo, et al., (2018) provides further evidence that the educational level of a micro-entrepreneur is key determinants of the performance of the microbusiness.

Similar to this study outcome on the relationship between capital stock and entrepreneur's level of education, evidence from prior research appears to contradict this study finding that no relation exists between prior occupation and microbusiness capital as Chowdhury, et al., (2013) found a positive correlation between prior occupation and microenterprise capital stock in Bangladesh. Similarly, the outcomes of Muthoni (2016) also appears not to be consistent with these study findings that no relation exists between prior income and capitals stock as he found that borrowers characteristics such as prior income may have contributed positively to the growth of microenterprises in Kenya. However, the finding of this research that suggests that no relationship exists between the ethnicity of the micro-entrepreneurs studied and the capital stock appears to be supported by Thapa (2015) who found no relationship between ethnicity and capital stock in a study conducted in Nepal. Monahan, et al., (2011) however, found a significantly positive relationship between micro-entrepreneurs ethnicity and growth of the working capital of microenterprises in the United States. The findings of this present study and the evidence from existing literature have further implications for microfinance providers as the attributes of beneficiaries of microfinance services have been proven to be mediating factors of use of microfinance services and therefore significant for the growth of microbusinesses.

5. FUTURE RESEARCH DIRECTIONS

This research was conducted in seven cities of northern region of Ghana. However, since the provision of microfinance to microbusinesses is not limited to these locations in Ghana, conducting similar research at other locations in Ghana to determine the factors that impede or facilitate the use of microfinance for microbusiness development could enhance our knowledge of these factors and how the influence the use of microfinance in different contexts.

Also, this study focused on the automobile, catering, construction, food and grocery, health and beauty and the transportation industry. Thus, the data used in this research was collected from seven industries which suggest that the outcomes may be overly general. In this regard, future research on factors that influence the use of microfinance for microbusiness development in specific industries in Ghana is important for our understanding of the use and impact of microfinance in a specific industry context. Besides, going forward, conducting research on factors that influence the use of microfinance for microbusiness growth in Ghana using a collaborative approach between industry experts and academic institutions could yield more robust and in-depth research outcomes.

Furthermore, future comparative studies on the factors that influence the use of microfinance for microbusiness development in Ghana, other counties in Africa and developed countries could provide wide and comprehensive outcomes that could be explained in the context of both developed and developing countries. Besides, the current study was conducted using one microfinance provider. However, evidence from existing literature suggests that often microenterprises often borrow from multiple providers. In this regard, future investigations on the factors that influence the use of multiple sources of microfinance for microbusiness development in Ghana and elsewhere is required.

Future research on the impact of microfinance on sustainable development in Ghana is required as the current study focused on microbusiness development. Some studies have also examined the factors that influence the use of microfinance for poverty reduction in other developing countries, there is however no evidence of any investigation in Ghana that has investigated the factors that influence the use of microfinance for poverty reduction. Hence, future studies should consider examining the factors influence the use of microfinance for poverty reduction in poorer communities in Ghana which could help policymakers formulate strategies for improving the standard of living in financially excluded communities in the country.

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