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Debt Management Challenges Facing Small Business Holders of Kaneshie Market, Accra-Ghana

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Abstract

The study investigated the debt management challenges facing small business holders in Ghana. Among its objectives were to identify for analyzing the sources of funding of small businesses, to examine their debt management strategies as well as to identify challenges and other constraints bedeviling their debt management efforts. In conducting the study, the researcher employed random sampling technique to pick ten (10) key business segments of the market, which constituted the sample space. From these strata, purposive sampling technique helped in selecting traders, who in the opinion of the study, wielded the kind of information needed to address the study objectives. The interview guide was the main research instrument while basic descriptive statistics was laced up with Statistical Package for Social Science (SPSS) to facilitate the analysis of information captured from the field. The study was also motivated by the fact that small businesses generate close to 90% of employment in the country; however, owing to poor debt management and liquidity challenges, most of them collapse within a few years of establishment, thereby worsening the huge unemployment situation in the country. The study found out that most traders start operations with their own personal savings or sell family property while others solicit funds from friends and relatives to begin operations prior to looking for external injection to develop operations. With respect to debt management strategies, it came out clearly that most of small business holders plough back profits to pay off loans, follow religiously current ratio arrangement instituted with the banks as well as ensure that short-term loans are not used for long-term projects. Challenges confronting debt management efforts included poor sales revenue, unfair trade practices from dumped Chinese goods as well as the temptation to use business loans for acquiring capital items. In the light of these challenges, the study recommended that, central government and other stakeholders cooperate to ensure the successful operation of the sector.

1. Introduction

Ghana currently produces more than 300,000 graduates from the universities and other tertiary institutions for various vocational disciplines in the country. Government together with the formal sector employers can hardly absorb more than 10% of these quantities. It is therefore not surprising that according to Ghana Statistical Service (2020), 9 out of every 10 businesses registered with the Ghana's Registrar General Department happen to be small business holders. This huge business enclave offers employment to teeming unemployed graduates, acting as training and skills development centers for them as well as paying taxes to strengthen the spending arm of the government towards carrying out its governance activities effectively. The small business holder sector can therefore be said to be a potent force to reckon with in terms of sound governance activities in the country. Unfortunately, like other developing economies, elaborate arrangements are not in place for grooming such small business entrepreneurs in terms of building their capacity in management skills especially marketing, finance, banking operations, human resource management and more importantly shoring up their financial base towards strengthening their survival in a highly competitive economy.

Recent Covid 19 lockdown and its ramifications did well to erode the capital structure of most of these small holder businesses since patronage declined considerably leading to loss of sales and its concomitants cash flow challenges not to mention huge losses in terms of earnings. Building the capital structure of most of these small businesses often cannot be done without much external injections in terms of loans contracted from the first tier financial institutions such as the commercial/universal banks, second tier financing companies like the savings and loans companies or the third tier financial outlet such as the microfinance institutions. More often than not, some of these external funding come with huge finance cost so much so that the borrowers derail in their scheduled repayment terms. Government directly has no hand in building the capital base of these small businesses but appears to be only interested in collecting taxes from these businesses unlike what prevails in some developed economies where small business administrators exist to ensure operational survival of this sector. The study therefore examines the debt management challenges facing small business holders of Ghana with special emphasis on the activities of Kaneshie market traders. The objectives of the study are as follows:

- To identify for analyzing the sources of funding of small business in Kaneshie market, Ghana.

- To examine the debt management strategies of small business holders in Kaneshie, Ghana.
- To identify challenges and other constraints bedeviling debt management efforts of small businesses in Kaneshie market of Ghana.
- To explore other strategies for effectively managing debt in small businesses in Kaneshie market of Ghana.

2. Literature Review

This segment reviews both theoretical and empirical literature on the subject of the study.

2.1. Theoretical Literature

The **Pecking Order Theory (POT)** was adopted as the main theory behind this study. According to Watson and Wilson (2002) POT summarizes the way small business holders behave in stabilizing their operations. Initially, a small business entrepreneurs attempt to employ their own money to commence operations and when this is sunk into the business, arrangements are then established to secure external funding to strengthen business activities. A number of scholarly papers explained the extent to which theories of financing appear to indicate the texture of financial structure of small businesses. Abor (2005) notes that business establishment of various categories do select their finance structure, considering such factors as the cost, nature, and availability of financial alternatives. The source further argues that the ratio between the debt and equity in small businesses is often based on the experience and skills of the manager. Lawless and McCann (2012) also corroborates this view, indicating that in most private organizations the owners' perception towards risk determines the relationship between the amounts of debt and equity that are acceptable for strategizing the financial direction of the business.

In the opinion of Jindrichovska (2013), taking cognizance of the failure, initially of modern finance theory to outline the normative and practicable guidance for producing financial structure decisions in enterprises generally, and especially in small businesses, the financing model propounded by Meyers (1984), notably the **Pecking Order Theory (POT)** becomes relevant. By way of summarizing the study, one can say that the theory emphasizes a hierarchical of financing sources and prefer internal financing when available prior to looking outside for help.

In cases where external financing is needed, debt is preferred over equity and POT continues to be one of the most popular theories of capital structure. Unfortunately, information asymmetries associated with small business operations indicates that external financing is more expensive than internal financing (Levin & Travis, 1987). This emanates from the fact that financiers include a risk premium to protect them from the information disadvantage. Agency problems according to Bhunia (2012) also enhance the cost of external funding as other

cost in respect of monitoring and bonding come on board during the external funding seeking arrangement.

2.2. Empirical Literature

Empirical review touches on debt management strategies associated with small business holding in European, Africa as well as Asian countries.

2.2.1. Europe

As far back as 1988, McNamara et al. (1988) came out with a model to project how small enterprises can be helped to sustain their businesses so as to minimize frequent failures in their operations. First, the model attempt to assist small enterprises and taking swift measures towards adjusting to changing business conditions within the market place. Secondly, the model sought to conscientize lenders on how to properly train loan officers to take cognizance of the essential factors which determine the propensity of the business failing so as to act appropriately. Thirdly, the model has the likelihood of enabling financial institutions to examine the weaknesses of customers so as to plan the requisite financial support and lastly, the model sought to operate as a filtrating agency for evaluating the process of lending.

In another development Bhunia (2012) also examined any correlation between loan repayment challenges on the part of small business holders and credit management skills of their owners. The study noted that there is the need to strike a difference between credit management risk of small businesses and that of large enterprises. The study noted that, in the case of small businesses, it became clear that, credit risk was influenced by the actions of the business owners much more directly and for that matter if effective strategies for managing credits were put in place small business holders will surely be in the position to respect loan repayment schedules with minimal amount of default. The study further noted that, generally, small business owners default in repayment of short-term credit in the period where economic activities seem to be dwindling and improved when events at market place begin to appreciate markedly.

In other development, Michaelas and Chittenden (1999: p. 114) found out that, with long-term debt on the average small business holders experience relatively very minimal default with alterations in conditions at the market place. The source employed that data concerning financial structure of small business holders employing quantitative approach using UK panel data on SMEs. The findings of the study pointed to the fact that a good number of determinants within the capital structure framework under the auspices of the theory of finance bore some relevance to the UK small business holding segment. The study further indicated that, there is a direct concomitance between business size, age, profit margin, growth as well as development opportunities, risk of operation, structure of asset, stock period and net receivables all on one side actually do have some influence on the level of both the long-term and short-term

debt in small business holding enterprises. The study also brought to the fore some evidence suggesting that the structure of capital of small enterprises can depend upon time and the kind of industry. It also came out unequivocally from the study that the maturity structure of loans contracted by small business holders depends upon the specific industry and the time of contracting the facility.

2.2.2. Africa i.e. Nigeria, South Africa

1) Nigeria

In the opinion of Maritala (2012), lending to the small business holding sector can be a risky venture because of asymmetry associated with their operations. This is to say that small businesses hardly produce credible financial report in connection with their operations and this often mislead the financial institutions when evaluating their suitability for lending purposes. However, banks in Nigeria according to Ogebe et al. (2013) have diverse strategies for assessing the performance of small businesses for credit granting purposes. This involves the use of credit scoring and adoption of microfinance strategies for lending. Notwithstanding, the source continues that repayment of such facilities is often determined by the qualities of the borrower, the strategies of money lenders and other parameters on the ground. Effective repayment of the facilities to large extent depends upon the collaboration between the officials of the lender and the borrowers Okafor (2012). Failure to properly monitor loans invested in small businesses often disrupt the liquidity position of the lenders leading to discounting available funds for on-lending to strengthen the small business sector and other segment of the business community.

Mozambique

Studying the difficulties with debt management within small business holders in Mozambique, Beck & Cull (2014) found out that, it is only a sound interaction between administrative officers of the financial institution and borrowers will ensure effective repayment of the loans solicited. The source continues that officers sent to the field often fraternize so badly with the borrowers on the ground they failed to report back properly on the activities of the small business holders. These dishonest officers often take favours in terms of cash and on a smaller scale amorous relationship, leading to a situation where violation of agreed loan disbursement procedures is not reported. This presupposes that, officers sent to the field ought to be people with proven integrity who would report on the real state of issues on the ground. Since financial institutions operate on depositor's funds, it is essential that all hazards relating to loan administration are minimized considerably and this entails creating sound loan evaluation mechanism which will protect the interest of shareholders.

A study by Sindani (2012) on "Effectiveness of credit Management System on Loan Performance: Empirical Evidence from Micro-Finance Sector in Kenya", also noted that maintaining a credible loan portfolio for small business holders entail establishing an effective communication mechanism between credit man-

agers, loan officers and borrowers alike. The continue that, neglecting any of these "pillars" in the loan administration system will only lead to an increment in the level of bad and doubtful debt of the institution. In the opinion of Peavler (2012) non-performing loans constitute one major headache when it comes to the survival of financial institutions especially the second and third tier categories. The study also noted that owing to high levels of non-performing assets both financial institutions charge higher finance cost in respect of their dealings with small holder businesses and this goes a very long way to influence negatively the repayment abilities of this category of borrowers.

Sindani (2012) study was predicated on the credit risk theory propounded by Olomola (2002) which speaks volumes of the essential role credit management plays in sustaining businesses as well as returning handsome earnings to shareholders investment. This author held the view that, prior to 1974, banks and financial institutions were employing actuarial science strategy in managing credit risk and this led to a situation where there was over reliance on information chronicled by the borrowing concern. Central to this strategy were three key quantitative methods of credit evaluation namely diminishing shape evaluation, organizational approach as well as deficient data approach (Sindani, 2012). The study also mentioned the credit chance hypothesis announced by Melton (1974) which sought to suggest that, loan repayment default can be sensed by the lender if effective structures had been created to monitor disbursement on the ground. This model explained further that, various variable factors come into play before loans go bad and that if lenders monitors are smart enough such unfortunate eventualities could be averted.

2) South Africa

Fatoki (2010) studied debt management abilities of small holder businesses in South Africa and noted that as a developing economy, strengthening the structures of this business sector holds the key towards resolving issues concerning unemployment, income inequality and poverty. Various studies by World Bank, ECOWAS, AU and other reputable world bodies all emphasize this fact and for that matter empowering small businesses in developing world is crucial and must be supported by all stakeholders. Studies by Fatoki (2010) indicated that in South Africa, 75% of all freshly registered businesses fail to survive after the first two (2) years and this compares favourably with other developing economies who also share similar high failure rate in their small business sectors.

Studies by Balkenhol and Evans-Klock (2012) also indicated that small businesses hardly startup with loans from the banks or other financial institutions and that statistics and not more than 0.2% of trade credit was invested in new small businesses in South Africa. This confirms the findings in the study that small businesses in developing economies start operations with their own financial arrangement and that external injections are highly negligible. This gloomy picture emanates from the fact that banks are risk averse in terms of the capacity of new small businesses flowering up as anticipated and for that matter had to be

cautious until such small enterprises grow with their own funds prior to coming on board with finance to support the growth. In such circumstances, small business starters have to exercise the option of going in for expensive loans from savings and loans companies, microfinance and money lenders to begin their operations. Unfortunately, these small businesses sense their limitations in repaying such high interest stricken loans which often lead to serious challenges with the very foundations and therefore fold up operations (Sunday, 2011).

Fatoki (2010) also found out in South Africa that, small businesses experience inadequate planning and for that matter always have challenges maintaining good quantum of working capital and this precipitate cash flow difficulties leading to eventual collapse of the venture. The source continues that, it is not surprising that a good number of existing and new small businesses in South Africa hardly grow into viable and sustainable businesses owing to unenviable working capital practices. Taking cognizance of the fact that South African small businesses maintain weak credit management effort, most of the existing banks regard them as high credit risk areas and for that matter are highly skeptical in approving lending propositions to that business segment and often reject loan applications.

2.2.3. Asia: Turkey

Like all higher middle income countries, Turkey considers the small business sector as the engine of growth of all socio-economic endeavours of the country. Özdemir et al. (2011) indicates that over 90% of all enterprises happen to fall in the SME category and over 50% of the private sector employment is also supplied by the sector. The Turkey economy sees the small business sector as a reliable partner in that the sector, close to 99% remain unperturbed by shocks in the harsh Turkish macro-economic environment. Government of Turkey considers the sector as a potential force in running the country and therefore any macro-economic stabilization policy framework is geared towards enhancing prospect in the sector so as to help grow the overall GDP, create new jobs and produce more for export to earn the badly needed hard currency.

According to Jindrichovska (2013) in spite of government's efforts at enhancing activities of the sector, small businesses in the country continue to be bedeviled with some constraints notably inadequate managerial skills, human capital challenges, insufficient financial resources and low technology penetration in their businesses. Of all these, inadequate financial resources happens to be the key problem that often jeopardize the foundation of these small business holders (Jindrichovska, 2013). Government therefore makes reasonable arrangement with private sector operators in the financial services environment with the view to helping the small business sector in turkey with finance. The use of Islamic lending system also helped in minimizing high interest rate charges and therefore the incidence of bad and a doubtful debt or non-performing asset is minimal in the Turkish country (Kaya & Alpkan, 2012).

3. Research Methodology

This segment highlights the research methods adopted towards conducting the study into examining the debt management challenges facing small business holders in Accra, Ghana.

Research Design

Since the study picked information from ten (10) project segmented areas of the Kaneshie market, it was deemed appropriate to adopt the cross-sectional research design which enabled views from traders across the length and breadth of the market to be included in the analysis. The appropriateness of the research design lies with the fact that participants within the target group i.e. small holder traders, have varying degrees of financial risk assessment levels and for that matter they react to situations and circumstances as and when they precipitate (Mensah, 2013). The study also adopted the Qualitative case study research approach which in the opinion of Zikmund and Babin (2010) has to do with an in depth investigation, description and fair analysis of a situation within a social unit, notably a group, an individual, institution, or community. The qualitative approach minimizes the likelihood of biasness creeping into the study on the part of the researcher and for that matter the findings really represented unalloyed views of the respondents.

Study Area

Kaneshie market happens to be one of the well-endowed selling places within the Accra business region. Its strategic importance lies in the fact that, it is situated in an area where infrastructure levels are highly consistent with the status of Accra as a capital city. Business queens therefore load their wares from the hinter lands i.e. food basket regions of the country and lodge such wares at the Kaneshie market for sale. Here, traders of the adjoining markets like Dansoman, Odorkor, Mallam, Awoshie, Anyaa all converge to pick up goods for resale. The area also boost of multitude of financial institutions including commercial/universal banks, savings and loans, microfinance institutions as well as other financing outlets. There are also big lorry parks where could access commercial buses to other parts of the country and all these make Kaneshie market an appropriate avenue for trading activities. The Kaneshie market region is made up of 27 business areas with over 7200 registered traders. The selected study areas had 1,892 traders out of which a sample size of 180 was selected as shown in Table 1. The Slovin's formula for calculating minimal sample size i.e. $n = N/(1 + Ne^2)$ where n is the **sample size**, N is the population **size** and e i.e. the margin of error used, was employed in arriving at the 180 sample size.

Sampling Technique

Random sampling technique was used to select 10 out of the 27 products segmented areas within the Kaneshie market. Each of the selected areas was regarded as a stratum from which purposive sampling technique was employed in picking up the respondents to constitute the requisite sample size as displayed in Table 1. It can therefore be said that random, and purposive sampling technique were combined in getting the study away.

Table 1. Distribution of potential respondents.

Areas	Small Businesses	Owners	Accountants	Total	Sample %
Ground Floor	300	18	11	29	16.2
First Floor	230	13	9	22	12.2
Second Floor	210	15	5	20	11.1
Post Office	120	6	5	11	6.1
Lorry Park	240	20	4	24	13.4
Takoradi Station	210	15	5	20	11.1
Vehicle Spare Parts Zone	130	8	4	12	6.6
Pampram Zone	140	7	6	13	7.2
Anglican Church	120	8	3	11	6.1
First Light Traders	192	12	6	18	10
Total	**1892**	**122**	**58**	**180**	**100**

Source: Researcher's Estimation (2021).

Research Instrument and its Administration

The initial interaction with the traders when planning for the study indicated that they would not have enough time for answering any questionnaire and that a face to face interaction was most appropriate. In the circumstance therefore, the study adopted the interview guide technique as the main research instrument. This way, the researcher was able to interact directly with them and spent on the average 45 minute recording both by handwriting and electronically their various responses to the questions on the four sections of the interview guide.

Data Analysis

Basic descriptive statistics was combined with Statistical Package for Social Science (SPSS) in preparing data captured from field for analytical purpose. The use of the SPSS was necessitated by the fact that, most of the captured responses were similar and for that matter, there was the need to rank them to facilitate the analysis.

Reliability/Viability

Using 180 traders out of 1892 within the sample frame i.e. 9.5% constitutes a **reliable** sample for generalizing the results of the study. Moreover, if different scholars were given the same research instruments to conduct this study, the findings cannot be different from what have been reported in this paper and therefore the **viability** of the study cannot be in doubt

Ethical consideration

The small business sector, according to Mensah (2013) is often associated with information asymmetry and for this reason the researcher endeavoured to ask questions that enabled respondents to come up with credible statements. Some traders expressed skepticism as to the rationale behind the study, nonetheless, the researcher capitalized on her experience as a formal banker to dissuade the notion that the central government was behind the study so as to establish the

propensity for levying higher taxes on their operations. After various explanations concerning the direction of the study results, most of them were at ease and voluntarily came up with the requisite responses. Under no circumstance was any question asked concerning their profit outlook and no respondent was placed under duress to answer any particular question in a given direction. It was made abundantly clear to the respondents that the study was purely an intellectual exercise which could sensitize stakeholders towards taking decisions in their favour and for that matter coming up with right responses was a step in the anticipated direction. The study can therefore be said to be ethically upright.

Limitations of the Study

Kaneshie market happens to be in one of the 157 decentralized municipalities in the country specifically the Okai Koi South Municipality of the Greater Accra region. Since all small businesses expand their operations with some amount of external loans, using only Kaneshie market in a study of this caliber might mean the information gathered might not be enough to meet the aspirations of the study. Most traders initially were not forth coming with responses to the questions on the interview guide since they thought government officials might be behind the study with the view to estimating their earnings for higher tax assessments. The researcher and her assistants were able to convince them that the study was purely a private scholarly undertaken which will have the propensity of sensitizing stakeholders to getting them concessionary rated loans to stabilize their operations. Another issue was with the multiple cultural languages within which the answers to the questions were given. Most traders use local dialects which were not friendly as far as the researcher and her assistants were concerned and therefore had to consult others to assist interpret the audio recordings to enhance analysis of the findings. In spite of all these limitations, the study did well to come up with a final report that will be acceptable by all.

4. Findings

The various findings in respect of questions dictated on the interview guide have been tabulated hereunder and these have been arranged in consonance with the order of the objectives.

4.1. Issues Relating to Objective One i.e. to Identify for Analysis the Sources of Funding of Small Business in Ghana

Findings with respect to questions to objective one i.e. identifying for analysis the sources of funding of small businesses in Ghana have been reflected in Table 2.

Table 2 features the findings in respect of the sources of funding of small businesses in Ghana. Ranking first with mean score of 3.876, standard deviation of 0.777 and variance of 0.558 was the statement that "personal savings" constitute the most popular avenue for starting businesses by small scale operators. The second ranking with mean score of 3.790, standard deviation of 1.019 and variance of 1.038 was the idea that "severance awards" helped a lot of traders to

Table 2. Frequency table examining the sources of funding of small business in Ghana.

Statements	N	Mean	STD Dev	Variance	Rank
• Personal Savings	180	3.876	0.777	0.558	1
• Severance Awards	180	3.790	1.019	1.038	2
• Sale of family Asset	180	3.710	0.886	0.785	3
• Windfall/ Lottery	180	3.640	0.900	0.811	4
• Assistance from friends	180	3.580	0.76	0.611	5
• Microfinance institutions	180	3.492	0.829	0.759	6
• Assistance from relations/funeral revenues	180	3.403	0.776	0.812	7
• Bank loans	180	3.315	0.695	0.766	8

Source (Georgina Ansong, 2021).

commence their businesses. The response that "sales of family asset" also helped some traders in starting their businesses, came third with mean score of 3.710, standard deviation of 0.886 and variance of 0.785. Ranking fourth with mean score of 3.640, standard deviation of 0.900 and variance of 0.811 was to the finding that "windfall/lottery" also helped some businesses to begin. The fifth ranking with mean score of 3.580, standard deviation of 0.760 and variance of 0.611 went to the idea that "financial assistance from friends" also did well to help some traders begin their dream businesses. The idea that "microfinance institutions" also provided funds to commence businesses came sixth with mean score of 3.492, standard deviation of 0.829 and variance of 0.759. Ranking seventh with mean score of 3.403, standard deviation of 0.776 and variance of 0.812 is the finding that "assistance from relations/funeral revenues" also aided some traders to start operations. The idea that "bank loans" were contracted, although not too popular came eight with mean score of 3.315, standard deviation of 0.695 and variance of 0.766 as a means of finding funds to commence operations.

4.2. Issues Relating to Objective Two i.e. to Examining the Debt Management Strategies

Captured in Table 3 are findings concerning objective two of examining the debt management strategies of small business holders in Ghana with special reference to Kaneshie market traders.

Table 3 depicts the findings on the debt management strategies of small businesses in Ghana. Ranking first with mean score of 3.640, standard deviation of 0.900 and variance of 0.811 was the statement that traders paid up their loans by "ploughing back profits". The second ranking with mean score of 3.570, standard deviation of 1.185 and variance of 1.404 went to the statement that "more funds from friends and relatives were solicited to pay loan when things are difficult". The statement that traders "ensure that short-term loans are not used for long-term projects" came third with mean score of 3.500, standard deviation of

Table 3. Frequency table examining the debt management strategies.

Statements	N	Mean	STD Dev	Variance	Rank
• Ploughing back profits to help pay loan	180	3.640	0.900	0.811	1
• More funds from friends and relatives to pay loan when things are difficult	180	3.570	1.185	1.404	2
• Ensure that short-term loans are not used for long-term projects	180	3.500	0.988	0.976	3
• Receive more credit period from suppliers to enable payments to be made for bank loans	180	3.430	0.909	0.826	4
• Following religiously current ratios agree with the banks	180	2.800	0.853	1.023	5

Source (Georgina Ansong, 2021).

0.988 and variance of 0.976. Ranking fourth with mean score of 3.430, standard deviation of 0.909 and variance of 0.826 was to the statement that traders "receive more credit period from suppliers to enable payments to be made for bank loans". The fifth ranking with mean score of 2.800, standard deviation of 0.853 and variance of 1.023 went to the statement that traders have been "following religiously current ratios agree with the banks" and this put them in the position where they were able to pay up short term loans contracted on time

4.3. Issues Relating to Objective Three i.e. Identifying Challenges and Other Constraints Bedeviling Debt Management of Small Businesses in Ghana

Table 4 features responses in respect of questions slated for the attention of respondents with regards to the challenges and other constraints that disrupt debt management efforts of small businesses in Ghana.

Table 4 presents the findings on the challenges and other constraints bedeviling debt management of small businesses in Ghana. Ranking first with mean score of 3.360, standard deviation of 1.453 and variance of 1.112 was to the statement that "poor sales revenue" often negated efforts at keeping repayment plan on track. The second ranking with mean score of 3.160, standard deviation of 0.828 and variance of 0.602 went to the statement that "unfair trade practices from dumped Chinese goods" disrupted plans for repaying loans on time. The statement that "the temptation to acquire land and vehicles with short-term loans" often disturbed loan repayment efforts, came third with mean score of 3.140, standard deviation of 0.80 and variance of 0.792. Ranking fourth with mean score of 3.110, standard deviation of 0.889 and variance of 0.804 was to the statement that "procurement inadequacies" created a situation where expected revenue failed to materialize leading to loan repayment charges. The fifth ranking with mean score of 3.080, standard deviation of 0.758 and variance of 0.698 went to the statement that "inflation and increment in operating cost" often

Table 4. Frequency table examining the challenges and other constraints bedeviling debt management.

Statements	N	Mean	STD Dev	Variance	Rank
• Poor sales revenue	180	3.360	1.453	1.112	1
• Unfair trade practices from dumped Chinese goods	180	3.160	0.828	0.602	2
• The temptation to acquire land and vehicles with short-term loans	180	3.140	0.806	0.792	3
• Procurement inadequacies	180	3.110	0.889	0.804	4
• Inflation and increment in operating cost	180	3.080	0.758	0.698	5
• Frequent increases in government fees for port dues and levies, renewals, basic rates etc.	180	3.030	0.846	0.787	6

Source (Georgina Ansong, 2021).

consumed so much funds that repaying loans had to delay. The statement that "frequent increases in government fees for port dues and levies, renewals, basic rates etc." thereby reducing revenue for repaying loans, came sixth with mean score 3.030, standard deviation of 0.846 and variance 0.787.

4.4. Issues Relating to Objective Four i.e. to Explore Other Strategies for Effectively Managing Debt Levels of Small Business Holders

Packaged in Table 5 are the findings in respect to objective four i.e. exploring other strategies for effectively managing debt levels of small businesses.

Table 5 features the findings on the other strategies for effectively managing debt levels in small businesses in Kaneshie market of Ghana. Ranking first with mean score of 4.070, standard deviation of 0.889 and variance of 0.790 was to the statement that "stakeholders should organize periodic workshop to build the capacity of small scale operators in general management". The second ranking with mean score of 3.930, standard deviation of 0.708 and variance of 0.501 went to the statement that "Exim guaranty bank should strengthen its operations to cover guarantying loans for small business". The statement that "banks should help small businesses in same business to buy in bulk from suppliers" came third with mean score of 3.790, standard deviation of 0.865 and variance of 0.749. Ranking fourth with mean score of 3.430, standard deviation of 1.056 and variance of 1.115 was to the statement that "trade ministry should support small businesses to pay auditing and accounting fees to protect equity through reducing leakages". The fifth ranking with mean score of 3.360, standard deviation of 1.453 and variance of 1.112 went to the statement that "stakeholders should also assist small businesses with cheap loans in procuring ICT based management software for introducing efficiency in businesses". The statement that "small businesses must be trained to understand and benefit from the new procurement

Table 5. Frequency table examining other strategies for effectively managing and augmenting debt levels.

Statements	N	Mean	STD Dev	Variance	Rank
• Stakeholders should organize periodic workshop to build the capacity of small scale operators in financial management	180	4.070	0.889	0.790	1
• Exim guaranty bank should strengthen its operations to cover guaranty loans for small business	180	3.930	0.708	0.501	2
• Banks should help small businesses in same business to buy in bulk from suppliers	180	3.790	0.865	0.749	3
• Trade ministry should support small businesses to pay auditing and accounting fees to protect equity through reducing leakages	180	3.430	1.056	1.115	4
• Stakeholders should also assist small businesses with cheap loans in procuring ICT based management software for introducing efficiency in businesses	180	3.360	1.453	1.112	5
• Small businesses must be trained to understand and benefit from the new procurement Act	180	3.060	0.818	0.502	6
• Small business exporters must be assisted to take advantage the African Growth and the Opportunity Act (AGOA) being extended by the United States	180	2.980	0.711	0.901	7

Source (Georgina Ansong, 2021).

Act" came sixth with mean score of 3.060, standard deviation of 0.818 and variance of 0.502. Ranking seventh with mean score of 2.980, standard deviation of 0.711and variance of 0.901 was to the statement that "small business exporters must be assisted to take advantage the African Growth and the Opportunity Act (AGOA) being extended by the United States".

5. Discussion of Findings

The respondents' views that are findings are highly consistent with results of similar studies scattered around the globe. This segment therefore attempts to discuss the findings with the views to situating them properly in contemporary literature.

On the issue of sources of funding for small business in Ghana, the study noted that Okafor (2012) also found out that most Nigerian small business owner did start with personal Savings, Severance Awards, Sale of family Asset and Windfall/Lottery. Other sources according to Abdulsaleh & Worthington (2013) also included Assistance from friends, Microfinance institution, Assistance from relations/funeral revenues and Bank loans which also came up in the study. Taking cognizance of the indispensable role played by small business holder in de-

veloping economies like Ghana and Nigeria, Beck & Cull (2014) are of the view that elaborate arrangement should be made by such countries towards assisting the small scale sector to survive and this often involves performance monitoring and external injections of funds which are required for expansion purposes. The source mentioned the Small Business Administrator (SBA) in various regions of the United States which have been established to promote small and medium scale enterprises through training, marketing services as well as financing.

On debt management strategies being operated by small holder businesses, Abanis et al. (2013) confirmed the findings that, most small businesses plough back profits to help pay loans, take further loans from friends and relatives to pay loan when things are difficult in addition to ensuring that short-term loans are not used for long-term projects. Gul et al. (2013) also corroborate the findings that some traders are smart enough to negotiate for more credit period from suppliers to facilitate loan repayment. This the source explains gives the small business owner adequate time to leverage suppliers fund to enhance the direction of their businesses. In a similar study Abdulsaleh & Worthington (2013) also found out that most small businesses manage loans contracted by following religiously current ratios agree with the banks. Such covenants on current ratio often ensures that short term funds are not used for procuring capital assets which could result in loan repayment challenges.

With respect to challenges confronting small business holders in managing loans Ackah and Vuvor (2015) agree with the findings that poor sales revenue, the temptation to acquire land and vehicles with short-term loans as well as procurement inadequacies all contribute in no small measure towards loan repayment defaults. Karadag (2015) also criticizes small business holders who frequently employ short term loans in acquiring landed property and vehicles which often creates serious leakages with it concomitants difficulty in loan repayment. The source supports the idea of stakeholders organizing workshops to properly school small business holders in being careful with the way they disburse overdraft and other short term loans. Prempeh & Boateng (2015) also support the finding that some small business holders experience loan repayment challenges owing to unfair trade practices from dumped Asian goods especially those from China. The source calls upon policy makers in developing economies to strengthen their trader protocols with the view to curbing the high incidence of cheaper inferior goods brought in from China to destabilized local market. Commenting on such unfair practices Karadag (2015) also noted that some of these goods are nearing expiring and come with health hazards which creates huge mental burden from receiving countries. The source also encouraged economic policy shapers to strengthen trade protocols in order to eschew the likelihood of cheaper expired products taken over the local market with impunity. Ackah and Vuvor (2015) also corroborate the finding that inflation and increment in operating cost often disrupt the revenue base of small business holders thereby reducing their propensity to honour pending liabilities like repayment of

bank loan. Karadag (2015) shares similar view and urged developing country economic authorities to create incentives for promoting exports of non-traditional items which are traded in by small business holders. This way, more foreign exchange can be earned to reduce pressure on this commodity locally which often result in depreciation of the local currency and its attendant effect on prices of goods and services.

6. Conclusions and Recommendations

6.1. Conclusions

The study examined the debt management challenges facing small business holders in the Kaneshie market of Accra, Ghana. In the light of the findings made, the following conclusions are worthwhile. Small business holders start operations with their personal savings, family funds, proceeds from disposal of assets, retirement benefits among others and along the line their equity levels are buttressed by external funding contracted from financial institutions. Most traders manage their debts based on covenants mainly current ratios agreed with the lenders, inventory management protocols as well as copy loan management strategies from their colleagues at the market place. Some of the constraints bedeviling debt management by the traders include the pressure to employ short term debt to acquire fixed assets, inability to meeting sales target as a result of unfair trade practices, especially goods dumped from Asia. Inflation, which often hikes operating cost, also reduced the propensity of the traders in meeting loan repayment schedules. Nonetheless, given the importance of small businesses in the socio-economic transformation of developing economies like Ghana, it stands to reason that stakeholders rally round to assist the sector manage it debts properly so as to grow in the anticipated fashion.

6.2. Recommendations

In the light of the challenges discovered in the study, the under mentioned recommendations are worth considering by stakeholders.

1) There is the need for stakeholders, especially the financial institutions, National Board for Small Scale Industries (NBSSI), Ghana Union Traders Association (GUTA) and friendly NGOs to periodically collaborate and organize workshops to build the capacity of small scale operators in financial, marketing and human resource management as well as banking operations. This way, their financial management and other skills would be shored up to enable the small business holders sustain their businesses in order to appropriately play their expected role in the development of the country.

2) Conventional loan guarantying institutions such as the Exim Bank should not limit their services only to the medium and large scale enterprises. They should consider as a matter of agency the need to design products that will suit the requirements of the small business owners. This will require effective monitoring and evaluation work on the ground and for that matter more middle level

officers must be engaged to ensure a mutually beneficial business relationship.

3) Since the banks invariably benefit from the survival of small holder businesses, it is essential for them and other financial institutions to consider segmenting the small holder businesses according to product types. This will help them negotiate for big time suppliers who will sell in bulk at discounted rates thereby helping the small businesses to secure wares at good prices necessary for selling products and services at highly competitive tariffs. This presupposes that, the small businesses can sell more, route more funds through the banks, and make more profits, pay higher taxes to strengthen government spending in addition to taking on more employees to expand their operations.

4) It came up unequivocally from the study that, small business holders often do not turn out accurate information on their operations because a good number of them can hardly afford the services of external accountants whose duty it is to help come up with credible operating financial information. Since inadequate information puts the banks in awkward position when evaluating small businesses for lending processes, it will be in the right direction if Trade and Industry Ministry led a team to support small businesses in paying auditing and accounting fees. This will ensure that credible information is obtained for the general use by society. Banks and other lending institutions will particularly be enthused at receiving accurate information by way of financial report concerning the operations of small holder businesses for lending and other purposes.

5) The small business holders complain of high finance cost being charged especially by the second tier (savings and loans companies) and third tier (microfinance institutions) which delay the repayment of such facilities. Stakeholders especially the government should explore the possibility of accessing international cheaper or concessionary rated loans especially from International Finance Corporation (IFC) that is the commercial loan division of the World Bank for distribution to the small business sector as a way of beefing up their equity levels. Such cheap loans will help build their capital structure and will also go a very long way to enhance general repayment of liabilities as well as improve upon their profit performance.

6) The study uncovered the fact that, small business holders sometimes default in loan repayment owing to poor procurement practices which increase the cost of production and for that matter reduce their earnings levels. It is therefore essential for such small scale enterprises to be taken through conventional procurement rules especially the new procurement act so as to sensitize them on prudent procurement practices which go a very long way to help reduce operating cost and in the process enhance their ability to honour liabilities including loan repayment schedules.

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Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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