

CATHOLIC UNIVERSITY COLLEGE OF GHANA

FINANCIAL MANAGEMENT PRACTICES AMONG MARKET WOMEN  
IN THE SUNYANI CENTRAL MARKET

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IN THE SUNYANI CENTRAL MARKET

BY

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## **DECLARATION**

### **Candidate's Declaration**

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

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

Name: Evelyn Baah

### **Supervisor's Declaration**

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the Catholic University College of Ghana.

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

Name: Mr. Williams Awuma

## **ABSTRACT**

This research studied the financial management practices of the market women entrepreneurs in the Sunyani Central Market in Ghana with the view of understanding the financial management practices that drive their performance. The analyses showed that 53% of the market women do not practice basic financial management practices such as record keeping and preparation of financial statement although 87.5% believes financial management practices are beneficial to the growth and survival of their enterprises. Though, 89% of the market women traders required loans, 91% declined going for loans because of unaffordable high interest rates. Further, 82% of the market women spend business fund on non-business expenditure, especially, for the care of their children. In addition, the rate of financial inclusion of market women is high and profit level is low, obtaining loans from the commercial banks becomes very challenging for the market women. Consequently, there is the need for the commercial banks to reduce their interest rates so that obtaining loan becomes easily accessible for all market women. From the findings, it is concluded that market women entrepreneurs as a matter of urgency need to incorporate sound financial management practices into their economic activities so that basic management tools such as accounting records keeping and effective working capital management would drive and improve business performance to ensure achievement of business objectives.

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## **LIST OF ACRONYMS**

SMEs: Small and Medium Scale Enterprises

GDP: Gross Domestic Product

SSA: Sub-Saharan Africa

RCB: Rural Community Banks

## CHAPTER ONE

### INTRODUCTION

It is believed worldwide that small and medium scale enterprises (SMEs) are the economic backbone of counties, (Okewu, 2015). In Ghana, SMEs account for at least 80% of the economy and market women are a subgroup among SMEs (O’Niell, 2016). Market women are predominantly micro enterprises in the informal economy of Ghana (Abor, 2010). Women entrepreneurs, in recent times, have come to be exploring new ways of going about their economic activities that drive the success of their enterprise (Masood, 2011).

In Ghana, the indigenous women entrepreneurs are mostly engaged in selling in the marketplaces and are popularly called *market women* (Tarlue, 2018). They embrace participation in capacity building initiatives and interventionist seminars designed towards providing them basic management and accounting skills acquisition (Sheela, 2016). (Brush et al, 2006) posited that women entrepreneurs are contributing significantly to innovation, wealth and employment creation across the world. Governments in the developing countries have responded favourably to these initiatives by the design and building of support systems that would attract more women into entrepreneurship towards the drive to boost women economic empowerment which is expected to translate into increased national economic growth (Osei et al, 2006). However, in spite of all these efforts to encourage and promote women entrepreneurship, the gains are not forthcoming in the volumes expected because these businesses are run with a little financial management regime.

Women entrepreneurs need to incorporate financial management practices in their business activities in order to achieve sustainable profitability, growth and survival (Ademola & Adegoke, 2017). Many a time, micro small-scale businesses lack the exposure as well as the capability to employ concerted financial management precepts in the conduct of their business activities (Okpara, 2010). The consequences are not good. Low or negative profitability, avoidable indebtedness, absence of business expansion, and, in the extreme, outright collapse of the enterprise (Okpara, 2010).

The market women concept of business in much of Sub-Saharan Africa, and for that matter Ghana, is essentially a micro small-scale entrepreneurship in the services sector of the informal economy (Ademola & Adegoke, 2017), and provides a virtually barrier-free easy entry into market (O'Neill, 2016). O'Neill (2016) researched on Ghanaian market women and found out that in Ghana any willing woman becomes a market woman readily. The only requirement is a new arrival finding an undisputed space on the clustered market grounds where she can also display her wares and thereby a new market trading enterprise is born. Membership is later ratified by that market's branch of the existing market women's association in the locality. Their business management practices are devoid of sound financial management practices because they lack financial literacy and skills to manage their entrepreneurial activities (Agyei-Mensah, 2010).

### **Background to the Study**

Market women have evolved higher in the quest to be a viable economic subgroup of SMEs, exploring new avenues for a fruitful participation in economic enterprise and thereby lifting up the rate of business success and

survival (Masood<sup>B</sup>, 2011). They are sharpening talents, creativity and abilities by acquiring relevant knowledge and skills upgrade for meaningful business conduct through empowerment educational programmes provided by government-development partners collaborations (Masood, 2011). Through these engagements, as a result of increased knowledge and exposure, market women would be expected to begin moving towards skillful business behaviours, informed business decision making, and confidence in themselves. The good results are showing; market women have become innovative in the organization of their businesses such as product mix in the shops, wealth creation through low key financial practices, steadily providing employment opportunities, among many others, which all would lead to increasing rates of growing the economies of African countries (Brush et al, 2006).

### **Statement of the Problem**

Sound financial management practices support the operations and growth of SMEs showing that they are better able make sound business decisions, reduced operating costs, and improved efficiency and productivity (Musah, 2017). Successful women entrepreneurs, skillful and knowledgeable in financial management practices, significantly contribute to innovation, job and wealth creation and economic growth. Coupled with significant and increased empowerment from capacity enhancing educational programs by governments and other development partners women entrepreneurs chalk success upon success (Ademola et al, 2017).

However, women in Sub-Saharan Africa (SSA) face several challenges mainly concerned with their socio-cultural lives as well as how they run their businesses. These businesses are predominantly Small and Medium Scale



Business Enterprises (SMEs) (Sheela, 2016). Ghanaian market women mainly trade as micro trading enterprises who usually commence business young and inexperienced at the market place, learning the art of trading by observing and doing what those women earlier in the trade do in addition to actual mentoring from the older and more experienced market women they came to meet at the market grounds (O'Neill, 2016). (O'Neill, 2016) also found out that most of these market women lack, or have little, formal education and hence plagued with many challenges arising from such a circumstance. Some of the challenges faced by women entrepreneurs in managing their business include lack financial management skills, lack of self-confidence, no trading training, lack of financial support, lack of information that is access to network barriers, working capital risks, and balancing trading with child cum family care (Sheela, 2016). This means that market women employed little or near none of financial management precepts in their day-to-day business activities. Whilst business enterprises that practice financial management mostly record profitability and positive growth, the reverse is found with those that forego sound financial management practices (Okpara, 2010). An unplanned business operation, poorly organized, lacking a meaningful direction and without proper controls regimes is doomed to fail (Agyei-Mensah, 2010).

While both women and men entrepreneurs are face with similar motivating factors as regard business success women in addition are confronted with challenges of different dimensions and weight which prevent them from realizing their capabilities as entrepreneurs (Sheela, 2016). Women make 51.2% percentage of the population in Ghana according to Ghana's population census of 2010. The adult female illiteracy rate in Ghana is 62.5% (2015),

according to (Knoema, 2020). With such a high rate of illiteracy, it becomes obvious that market women have challenges with knowledge and practice of financial management. Available research on financial management practices relative to the performance of Ghanaian market women is scanty and filling this gap is the thrust of this research endeavour.

### **Purpose of the Study**

The main goal of this study is to assess the financial management practices employed by the market women in Ghana by using those doing business in the Sunyani Central Market as a test case.

### **The Specific Objectives**

The study is guided by the following specific objectives:

1. Identify the various financial management practices employed by the market women.
2. Discover the market women's knowledge on the benefits of the financial management practices on their business performance.
3. To find out how the market women ascertain and utilized profit.
4. Identify the challenges the market women in accessing loans.
5. To identify the market women's main sources of financing their business.

### **Research Questions**

The main research question is, what financial management practices are employed by the market women in the Sunyani Central Market?

The specific questions of the study include:

1. What are the various financial management practices among the market women?

2. How to discover the market women's knowledge on the benefits of financial management practices on their business performance?
3. How do the market women ascertain and utilized profit?
4. What are the challenges the market women in accessing loans?
5. How do the market women finance their business?

### **Significance of the Study**

The significance of the study would be the creation of awareness of the importance of financial management practices among the market women in the Sunyani Central Market. Also, it would be a source of knowledge empowering the market women regarding the practice of financial management such as proper record keeping. Further, this result will greatly facilitate the work governmental bodies like the Domestic Division and the Value Added Tax of the Ghana Revenue Authority (GRA) in developing strategies to extend the tax net to cover such businesses which form significant proportion of the Ghanaian services industry.

It will assist the market women in identifying and confronting one of the prime causes of the failure of their business. Also, it will therefore be equally of immense help for the National Board for Small Scale Industries, in evaluating the success of its activities with specific reference to the problem of poor record keeping in these micro small-scale businesses, continue to conduct empowerment forums and seminars in financial management processes. It would also assist the boards in determining or formulating their future plans.

Finally, the study would serve a basis for further research on financial management practices of market women in Ghana.

## **Delimitation**

The informal sector is wide-spread and visible in all parts of the country. However, the study focuses on market women entrepreneurs in the Sunyani Municipality of the Bono region. The study restricts itself to only Ghanaian market women in the central market for respondents to the questionnaires. The context within which this study sought to understand the financial management practices among 'market women' was based on presenting results of the field work within descriptive statistical analysis depiction and interpretation of the financial management practice behaviours of the market women in the central market. In view of this, the study focused on market women in the Sunyani Central Market in the Sunyani Municipality.

## **Limitations**

Total absence of financial statements deprived this study of conducting a measure of the financial performance of the market women.

Searches at formal sources such as the offices of the Sunyani Municipal Assembly and Statistical Services of Ghana in the township for an authentic figure for the population of the Sunyani Central Market women traders yielded no fruits making the researcher adopting the figure presented by the leaders of the market women association.

A big challenge the study encountered was during the data collection stage whereupon some of the market women were reluctant to participate. The attitude and unfriendly manner in which some of the market women behaved made the data collection very tedious and frustrating.

Another challenge was that the current (COVID-19) pandemic situation has greatly lowered sales and the market women visited this frustration on the survey process making the time taken to become unduly long.

Future research may probe avenues to have market women embrace financial management practices to enable a minimum attempt at provision of financial information.

### **Definition of Terms**

*'Dwantoahemaa'*: In the traditional setting, those found culpable of the law need to plead for mercy from the Queen Mother, must first inform the *'Dwantoahemaa'* to lead them.

**Financial management:** Financial management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise (Olamide and Sajuyigbe, 2011)

**Financial statement:** "Financial statement is the summary of the accounting for a financial year prepared within an applicable financial reporting environment" (Kwok, 2005).

**Working capital:** Working capital, also known as net working capital, is the difference between a company's current assets, such as cash, accounts receivable and inventories of raw materials and finished goods, and its current liabilities, such as accounts payable (Kenton, 2020).

**Cash management:** Cash management is the good and adequate utilization of liquid funds that are at the exclusive disposal and use of an organization for optimal utilization, survival, and profitability (Soaga, 2012).

## **Organization of the Study**

The study consists of five chapters. Chapter one which is the introductory chapter is made up of the background to the study, statement of the problem, research objectives, research questions, significance of the study, delimitations, limitations, definition of terms and the organization of the study. Chapter two is the literature review which is made up of theoretical framework, conceptual framework, and empirical literature underpinning financial management practices. Chapter three looks at the research methods. In this chapter, issues covered are study area, research design, population, sample and sampling procedure, data collection instruments, validity and reliability of instruments, data analysis, and ethical consideration. Chapter four highlights the results and discussion of the data analyzed. Chapter five focuses on the summary, conclusion and recommendations.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **Introduction**

This chapter reviews the literature available on financial management practices of market women micro entrepreneurs. It summarizes the information from other researches carried out in the same field of study. The specific area covered in the first part of the chapter are theoretical framework of the literature. The second chapter with the conceptual framework of financial management which summarizes the relationship between the key variables of the study and identifies the gap to be filled by the study. The chapter ends with the empirical literature which focuses on the independent variables, specifically financial record keeping, accounts receivable management, cash management, inventory management, accounts payable management and asset management.

#### **Theoretical Framework**

##### **Pecking order theory**

The pecking order theory has been an area of interest to many financial managers and management in several companies as far as funding is concern and debatable among scholars (Wan, 2015). Despite continuous discussion going on in the literature, quite a lot of theories and models have been used to explain this broad concept of capital structure. The pecking theory was first propounded by (Myers and Majluf, 1984) to describe how businesses ascertain funding for their companies (Nthenge, and Ringera, 2017). According to (Myers and Majluf, 1984) argued that business organizations have order of preferences as to how capital used to finance business are ascertained (Chen and Chen, 2011). The pecking theory helps to explain how SMEs decides to

choose where to get fund from. For instance, managers will first consider funds generated internally to finance the business before going for external source. In the event where managers decide to go for external funding, they will reconsider debt financing before equity financing (Wan, 2015). This is done to minimize cost and maximize profit, since every business goal is to make profit.

A further review of pecking theory shows that transaction costs play significant role in deciding company's sources of funding. According to (Chen and Chen 2011), he argued that transaction costs associated with obtaining new external financing is considered to be higher compare to the costs of obtaining internal financing. Although, internal funds do not bear any transaction costs it is not every business that get funds internally (Chen and Chen, 2011).

### **Small and Medium Scale Enterprises (SMEs)**

Market women belong to the micro subgroup of the SME segment of the economy looking at the characteristics inherent in the concept and practice of the market women enterprise in Ghana. Ghana, like many other developing countries, has recognized SMEs as the primary driver of the economy which employs about 35% of labour (Mensah, 2004) and contributes over 70% of GDP (Villars, 2004). SMEs make the majority of businesses worldwide, about 90%, and creating about 50% or more of the world's jobs World Bank (2020). SMEs may be formalized or private with the formal SMEs contributing about 40% of the GDP in the emerging economies this figure would be far higher when inclusive of private SMEs (World Bank, 2020). In China, SMEs make up over 99% of all enterprises with the SMEs' output value contributing at least 60% of GDP and creating above 82% of employment opportunities in the Chinese economy (Lui, 2008).



There are several definitions of an SME. The Bolton Committee (1971) provided a first definition of a small firm as a firm that meets the following three criteria:

- i. It has a relatively small share of their market place
- ii. It is managed by owners or part owners in a personalized way, and not through the medium of a formalized management structure
- iii. It is independent, in the sense of not forming part of a large enterprise.

Under the “statistical” definition, the Committee proposed the following criteria:

- i. The size of the small firm sector and its contribution to GDP, employment, exports, etc.
- ii. The extent to which the small firm sector’s economic contribution has changed over time
- iii. Applying the statistical definition in a cross-country comparison of the small firms’ economic contribution.

The Bolton Committee made variations to the definitions as regards size with respect to different sectors. Size is measured by number of employees (200 or less qualifies a firm as small whereas monetary turnover per annum for retailers, services providers, wholesalers among many others). Hence, a small firm is in the range 50,000 to 200,000 British Pounds. In the road transport industry, owning 5 or fewer cars made a firm small, for example, Bolton Committee (1971). One can see that these definitions are bound by inconsistencies and arbitrariness as regard the different characteristics. Why not some others?

In the midst of these controversies the European Commission (EC) sought to define an SME as follows EC (2010):

- i. Firms with 0 to 9 employees - micro enterprises
- ii. Firms with 10 to 99 employees - small enterprises
- iii. Firms with 100 to 499 employees - medium enterprises.

According to (Elaiian, 1996), UNIDO (1999) categorized SMEs regarding the number of workers as follows:

For industrialized nations:

- i. Large - 500 or more
- ii. Medium - 100 to 499
- iii. Small - 99 or less.

For developing countries:

- i. Large - 100 or more
- ii. Medium - 20 to 99
- iii. Small – 5 to 19
- iv. Micro – less than 5.

From the foregoing, it becomes clear that there is no general consensus concerning the definition of an SME.

In Ghana as well, the number of a firm's employees is the criterion used for defining an SME (Kayanula & Quartey, 2000). The Ghana Statistical Service (GSS) stated in its paper, Industrial Statistics, as follows:

- i. Small-Scale Enterprise – fewer than 10
- ii. Medium and Large-sized – 10 or more.

Thereby agreeing with (Kayanula, 2000) as regard 9 employees for a small-scale firm. (Abor, 2010) provided that in Ghana other criteria such as the

value of fixed assets in the firm as well as plant and machinery (but not including land, property, and vehicles). Thus, a small-scale enterprise has at most 9 workers, and the value of plant and machinery not above 10 million Ghana Cedi. It further shows that the Ghana Enterprise Development Commission (GEDC) also concurred- with the 10 million Ghana Cedi upper case, the National Board of Small-Scale Industries (NBSSI) also applies the same yardstick. (Osei, 1993) came out with the classification:

- i. Micro – less than 6 employers
- ii. Very Small – 6 to 9 employees
- iii. Small – between 10 and 29 employees.

The below categorization of enterprises in a recent definition by (Teal, 2002) is:

- i. Micro – less than 5 employees
- ii. Small – 5 to 29 employees
- iii. Medium – 30 to 99 employees
- iv. Large – 100 or more employees.

### **Characteristics of Small and Medium Scale Enterprises (SMEs)**

SMEs in the developing countries are characterized as: labour characteristics, sectors of activity, gender of the owner, and efficiency (Fisher & Reuber, 2000). The majority of SMEs are one-man business undertakings which make this category the largest working proprietors and constitute more than half of the SME workforce in most developing countries (Fisher et al, 2000). Further, the workforce of SMEs is made up of the proprietor's family (about a quarter) and the rest are hired workers, trainees or apprentices. SMEs have lower capital costs because they are labour intensive unlike larger firms

hence associated labour costs are lower with job creation (Schmitz, 1995). The main business activities of SMEs include retailing (found mostly in urban communities), trading or manufacturing (occurring in both urban and rural areas) (Reuber et al, 2000).

SMEs may be categorized into rural and urban enterprises and the urban enterprises further split into “organized” and “unorganized” enterprises (Kayanula et al, 2000). The urban organized enterprises usually employ workers, operating in business premises and substantially formalized whilst the unorganized category consists mainly of artisans such as fitter-mechanics, tailors, and repairers of electronic home appliances carrying on business in temporary wooden structures or tiny welded metal containers mostly ill-sited in front of homes or along street pavements (Kayanula et al, 2000). The rural enterprises are usually run by family groups, artisans, and women in food production plying trade in food processing, clothing and fashion, soap and detergents, timber and cottage mining, mechanics, chemical-based products, bakeries, wood furniture, and building construction (Kayanula et al, 2000). Women-owned enterprises make up the majority of micro SMEs which are mostly operated from home unlike the male-owned ones which they run somewhere else away from home (Abor Biekpe, 2006).

A primary measure of enterprise efficiency is labour productivity or total factor productivity and it varies significantly both within and across industries (Abor et al, 2010). Enterprise efficiency correlates with certain factors within the firm such as firm size, managerial skill and technology, and the effect of the policy environment (Abor et al, 2006). Studies have shown that in the developing countries the smallest firms are the least efficient and also

that both small and large entities are less efficient than their medium-sized counterparts (Little et al, 1987). Small firms are believed to more innovative than the larger ones (Acs et al, 1999).

### **Economic Development**

It is generally held that development of SMEs would lead to both economic and social development of developing nations (Abor, 2010) providing a number of benefits as a result of which SMEs have become a top area of concern to policy makers in many low-income nations wherefor they are considered as the engine of growth of the economies of developing countries (Advani, 1997). From the foregoing, one may infer that SMEs are potential sources of employment as well as income in developing countries. SMEs have several advantages over large firms including being able to adapt to changing market conditions due largely to their flexibility and broadly skilled technologies and they ensure income stability, growth and employment (Kayanula et al, 2000).

Through manufacture of goods of value and provision of services to both consumers as well as other enterprises, SMEs contribute immensely to the national product of nations (Abor, 2010). In Ghana, the majority of businesses, 92%, are SMEs, contributing about 70% GDP, and above 80% to employment. Enterprises are themselves both suppliers and consumers demanding consumer as well as industrial goods a behaviour that stimulates and promotes economic growth and social advancement (Berry et al, 2002).

### **Constraints**

SMEs like all human endeavours are afflicted by bottlenecks, a number of factors, such as lack of managerial skills, finance, assets (equipment) and

technology, issues related to regulation, and access to international markets (Gockel & Akoena, 2002). In particular, lack of managerial skills, and to a lesser extent, support services, significantly constraints on SME development creating a skills gap in its wake (Kayanula, 2000). Most SMEs find consultancy exorbitant or considered unimportant, for reasons such as complacency or being oblivious to a necessity. Whilst SME owners themselves see lack of access to funding as a major constraint in their business (Karungu, 1999) theory points to identifying factors such as a market, acquiring any necessary property rights or licenses, and keeping records as being more fundamental to running a business than finance (Green et al, 2002).

### **Market Women Concept in Ghana**

Credible literature on the evolution of the market women concept in SSA is difficult to locate, however, a few expositions exist and are available which can be considered legitimate way showing the emergence of the market women trade in SSA. In August, 1960 Sydney W. Mintz in a Journal Article in the *Scientific American* gave a telescopic panorama of the peasant market in the Caribbean and some countries of SSA. The main traders in these markets are women and hence the *market women*. The market-place is characterized by a throng of sellers and buying, a large noisy seemingly disordered crowd, either selling a ware or buying some, primarily a locus of trade (Mintz, 1960). What is market woman? A market woman is “an adult female that engages in an informal type of business, particularly at the market place” (Koramoah et al, 2020).

## **Concept of Financial Management**

Financial management is one of several functional areas of management which is central to the success of businesses. Financial management is the management of finances of a business in order to achieve the financial objectives of the business.

Furthermore, (Gitman, 2007) defined financial management as the area of business management, devoted to a judicious use of capital and a careful selection of sources of capital, in order to enable a business to move in the direction of reaching its goals. This definition points to certain essential aspects of financial management namely rational use of capital resource and achieving the goal of the business.

According to (Oduware, 2011), financial management entails planning for the future of a business enterprise to ensure a positive cash flow. (Brinckmann, 2011) also defined financial management as managerial activities that concern the acquisition of financial resources and the assurance of their effective and efficient use.

Financial management is one of the basic management practices practiced in all businesses and when adequately undertaken ensures a sound business conduct and presents the future for a successful business undertaking (Gitman, 2007). Through this function, bases are determined for authority levels of financial control, budgeting and processing financial resulting information. According to (Olamide and Sajuyigbe, 2011), financial management means planning, organizing, directing and controlling the financial activities such as procurement and utilization of funds of the

enterprise. It means applying general management principles to financial resources of the enterprise.

### **Financial Management Practices and Performance of Market Women**

(Brigham et al, 1996) stated that there are financial implications in virtually all businesses decisions and in this regard, they define financial management as the task of acquiring and using funds so as to maximize the value of the business. Financial management practices are made up of several components such as financial planning and control, financial analysis, accounting information, management accounting (pricing and costing), capital budgeting and working capital management (Nguyen, 2001).

According to (Maseko, 2011), accounting systems provide a source of information to market women in businesses. It is crucial therefore that the accounting practices of businesses supply complete and relevant financial information needed to improve economic decision made by the market women.

### **Empirical Literature**

#### **Financial management practices**

SMEs are accepted to be the driving force behind the economy worldwide hence nations need to develop and support the performance of SMEs (Sheela, 2016). Empirical studies have demonstrated that a few market women possess the skills required for a meaningful financial management practice in their enterprises (Kilonzo et al, 2015). Studies have also shown that sound financial management practices are crucial to survival and growth of market women (Rathnasiri, 2015). The fact that high rate of market women failure is attributed to poor or careless financial management practices has lent itself to



empirical evidence. Performance of market women can only be determined in financial management practices environment (Kilonzo et al, 2015).

In Ghana, financial management practices are low among the market women (Rathnasiri, 2015) and this has led to business failures of market women enterprises (Eton, Mwosi, Mutesigensi & Ebong, 2017). (Orobia, Warren and John, 2013) also observe that poor implementation of financial management practices had led to the collapse of many businesses.

Majority of the market women do not have management skills such as bookkeeping, inventory management, personnel management and basic marketing strategies leading to most business owners losing track of daily transactions and rendered incapable of accounting for their expenses and profitability of their trade at the end of the month (Okpara, 2011). Management challenges, primarily, the lack of financial management knowhow have led to high rates of collapse of many of the businesses.

(Okpara, 2011) demonstrated that majority of market women do not keep records of their business transactions thereby preparing no financial statements and they do not have a bank account. Predominantly, micro enterprises in the informal sector market women's lack of financial management skills have rendered them incapable of differentiating between capital and profit hence they end up spending their capital. This leads to business stagnation and failure and one wonders whether the lack of growth of women owned businesses as observed by (Mboko and Smith-Hunter, 2009) is not a product of poor financial management. Studies enquiring into reasons for SME failures show lack of financial management practices as the leading cause (Berryman, 1983).

(Hall and Young, 1991) found out that 49.8% of small enterprises in the UK were involuntarily liquidated and the reason for failure was of financial nature and there is a positive correlation between poor or no financial management practices such as basic accounting and business failure (Peacock, 2004).

### **Working capital review**

Companies that are financially well-managed operate efficiently (Babar et al, 2010). Several researchers have studied only a specific element of working capital (Kolinzo, 2015) but (Burns and Walker, 2001) studied working capital as a whole in small enterprises. Their studies covered working capital policy, cash, receivables, payables, and inventory management, and the relationship between working capital management and profitability. (Wanjohi, 2009), Kenya, and Agyei\_Mensah, Ghana, both conducted researches in their countries into SME financial management and found out that there is weak working capital skills within the sector. (Burns et al, 1991) found out that only 24% of the manager's time is spent on working capital whilst (Wilson, 1994) as cited by (Kolinzo, 2015) had 20%.

### **Cash management**

(Grablowsky, 2008) posited the cash management practices were inadequate in SMEs and Kolinzo citing Grablowsky and (Lowell, 2008) in a study examining cash management of 66 small enterprises showed that 67% of the respondents replied that they do not do cash flow forecasts.

### **Importance of Financial Management Practice Among SMEs**

Where cost management techniques and practices are used, cost information plays an important part in a range of key business processes ranging

through: business strategy, new products and services development, budgetary planning and control and managerial –business performance (Berry, Sweeting, Goto & Taylor, 2002).

It could be argued that deployment and use of wider sets of financial techniques and practices are indicative of a management style that is more analytical and broadly- based (Berry, Sweeting, Goto & Taylor, 2002). This in itself may be an outcome of growth rather than a precondition of it.

As companies become larger and more complex their needs for information become greater and the processes of formalization become necessary in order to manage. Owner managers do not report much competence in accounting but, where SME owner managers do employ a wider set of more sophisticated cost management techniques and practices, then we find a statistically significant correlation that they are in growth businesses.

In the context of SMEs, many of the process areas probably merge, and the owner- manager is then the chief actor. Thus, objectives, strategies and plans, targets and feedback may all fall within the close long-term, day-to-day work and the personal interest of the owner manager. Thus, we see a picture emerging of owner-managers growing with their businesses, becoming more aware and knowledgeable about the potential benefits that more detailed and sophisticated (yet not over- complicated) financial management techniques and practices can offer. As the business grows, then the separation of the key issues and areas occurs in reality as well as in principle (Berry, Sweeting, Goto & Taylor, 2002).

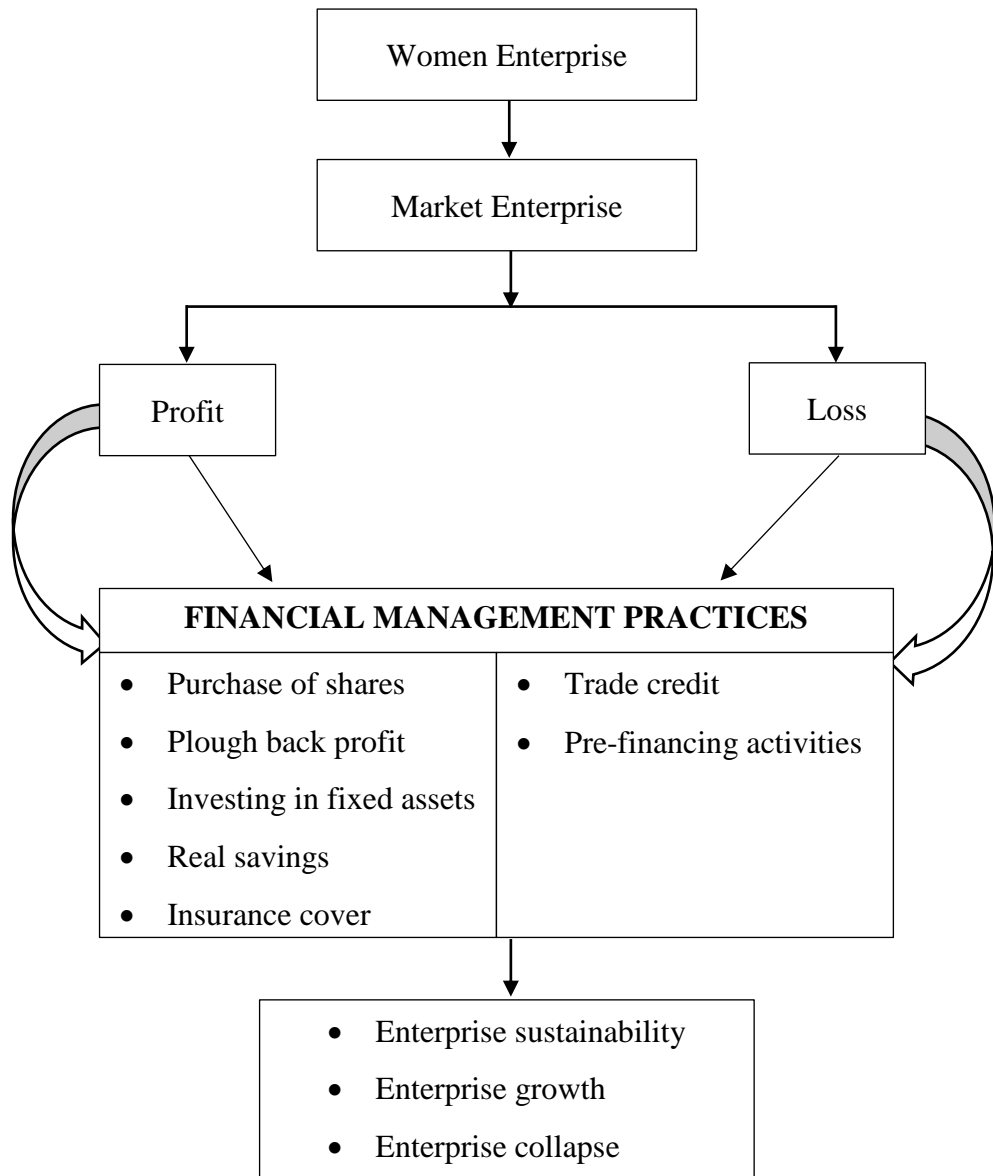
## **Ascertainment of Profit**

There are two methods profit or loss can be ascertained under single entry system. The methods are statement of affairs / increase in net worth and conversion.

Describing how profit is ascertained using the statement of affairs / increase in net worth method entails comparing the capitals between two accounting periods that is starting capital and closing capital. For instance, if the closing capital or net assets at the close of the accounting period is greater than the opening capital, the difference will represent profit. Also, if the opening capital is greater than the closing capital the difference represent loss. The capital is the net assets of the business (Yourarticlelibrary.com).

## **Proposed Conceptual Framework**

Figure 1 below shows the proposed conceptual framework for this study. The figure indicates expected significant relationships between the variables used in this study. Women enterprise is expected to affect the type of enterprise women trade in at the market. The market enterprise is proposed to predict the profit or loss that will be incur. Financial management practices such as plough back profit, insurance cover, buying of shares, investing in fixed assets/ other properties and real savings are proposed to dependent on profit whiles variables such as trade credit and pre-financing activities are also dependent on the loss. Finally, the study also proposes that the financial management practices will predict the enterprise sustainability, growth and collapse of the business.



*Figure 1: Conceptual framework*

Source: Authors construct (2020)

## **CHAPTER THREE**

### **RESEARCH METHODS**

#### **Introduction**

This chapter presents the research methods that were adopted for the study. It described the research design and the techniques used in collecting data by the researcher. It also took into consideration the target population, sample size and sampling techniques, mode of data collection and method of data analysis and ethical consideration. The study used quantitative methods and data was collected via questionnaires distributed to respondents to examine their financial management practices among market women.

#### **Study Area**

The study was conducted in Sunyani, the capital city of both the Sunyani Municipal Assembly and the Bono Region of Ghana. The city lies between Latitudes 70.20°N and 70.05°S and Longitudes 20.30°W and 20.10°W. According to Ghana's 2010 census, an estimated 73,366 people reside in the city of Sunyani Ghana Statistical Service (2012).

#### **Research Design**

Research design refers to the framework or master plan guiding the conduct of the research (Yin, 2009) which explains the degree of structure and the immediate objective of the study (Piesie-Anto, 2012). There are three conditions determining the choice of an appropriate research design viz, the research question asked, the researcher's control over actual behaviour and the focus on current happenings (Yin, 2009). In this study, the quantitative research analysis approach was employed. This employment facilitated the summary of the market women's experience, knowledge, belief, thought among many

others. In short, their business activities are profiled and put in perspective thereby enabling understanding the dynamics of their market enterprise and its profitability or otherwise as well as business growth and survival (Piesie-Anto, 2012).

### **Population**

A population for a research activity is the target group from which the sample for the research is drawn and about which conclusions are made inferring from the results obtained from studies conducted on the sample (Kuranchie, 2016). The population for this study is all market women in the Sunyani Central Market. The leadership of the market women association placed their population at 3700.

Following (Seman et al, 2019), the researcher employed a non-probability with convenience in sampling technique in this study because it was more suitable for the researcher for approachability. Due to the numerous wares traded in at the market this research conducted the survey with a non-scientific approach to questionnaire distribution to the market women. Six product groups made up of cassava, vegetables, eggs, fish, rice, and clothing/shoes sellers were arbitrarily selected by the researcher as the representative strata for population in the data collection exercise. For generalization to be made on a population based on a sample the sample size must at least be 30 (Cooper & Schindler, 2003).

### **Sample Size**

The Sunyani Central Market is selected using a non-probability convenient sampling technique where the researcher chose traders in six product groups for the representative population out of which 240 respondents

were served questionnaires for the survey (Seman et al, 2019). This technique made it easier for the researcher to have access to the elements of the target group who served us respondents. In order to get more insights into the reality of the market women and compare responses the researcher served 40 respondents in each of the six selected product groups generating a sample of 240 participants among the total population for the study.

### **Sample and Sampling Techniques**

A sample is a carefully chosen part of a population for a study. When it is not practically possible to use all members of the population in a study due to reasons such as time, energy, cost and volume of a data, part of it is used as a sample (Kuranchie, 2016). The sample for this study was drawn from the market women in the Sunyani Central Market. The Sunyani Central Market is selected using a non-probability convenience sampling technique where the researcher chose traders in six product groups for the representative population out of which 240 respondents were served questionnaires for the survey (Seman et al, 2019). This technique made it easier for the researcher to have access to the elements of the target group who served us respondents.

### **Data Collection Instruments**

The source of data, collection method, and data analysis, interpretation and presentation impact the success of an empirical research (Awatey and Domfeh, 2014). This study involved the women traders of the Sunyani Central market in the Sunyani township which is the capital town of the Bono Region of Ghana. This market is known to house diverse informal sector activities ranging from market stall operations to open space trading. Data for this study was collected from primary sources by means of structured questionnaires.



Questionnaire was the main research instrument for the study to gather the necessary data from the sampled respondents.

The instrument was divided and limited into sections: sections A and B. Section A dealt with personal data of the respondents whilst section B contained research statements postulated in line with the research questions. Options or alternatives were provided for each respondent to pick or tick from.

According to (Saunders et al, 2005), the following are methods of data collection, which may be used in research: paper-and-pencil interviewing, self-administered questionnaires, observation and experimentation. In this study, primary data was collected by means of questionnaires. The design of the questionnaires was influenced by the research objectives, which were the understanding of the financial management practices of the market women, the nature of the data and the method of data collection (interviewer-administered the questionnaires).

### **Validity and Reliability of Instruments**

The validity and reliability of the data collected were considered in this study in order to ensure that the questionnaires measured what it was intended to measure. Reliability refers to the consistency of the measurement instrument. In other words, reliability is the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects (Segoale, 2001). To enhance reliability in this study, the instruments were administered consistently so that there was standardization of the use of the instrument of data collection from one respondent to the other.

## **Data Collection Procedures**

Before commencement of distribution of questionnaires to the market women the researcher first held arrival meeting with the leadership of the market women association on Thursday, 25<sup>th</sup> June, 2020 at 11:30 am at the queen mother's palace, Area 2, Sunyani obtaining their permission and also briefing them about the mission of the survey. Questionnaires were distributed to market women alongside their trading activities and they were guided where necessary and these took place between the hours of 10 am and 5 pm each day. The researcher employed nine freshly graduated university students to share in the exercise in order to curb undue exposure in the wake of the prevailing COVID-19 pandemic. The exercise was completed on Monday 29<sup>th</sup> June, 2020.

## **Data Analysis Method**

Descriptive statistical charts were generated from frequency distribution tables. The data were analyzed using MS Excel spreadsheet to generate various charts that were used as a basis for the discussion and interpretation of the results of the survey.

## **Ethical Consideration**

The study followed ethical morals in the conduct of the field work as prescribed by scientific research protocols and the Catholic University of Ghana's prescribed regime. Originally, formal consent was sought from all participants before administration of questionnaires. Confidentiality was assured to all participants and response was only used for research purpose. The secrecy of the participants was also assured by avoiding provision of names and identity of respondents. Collecting data from the field, participating

respondents were made to understand how significant their contributions to the study would be to development of knowledge.

## **CHAPTER FOUR**

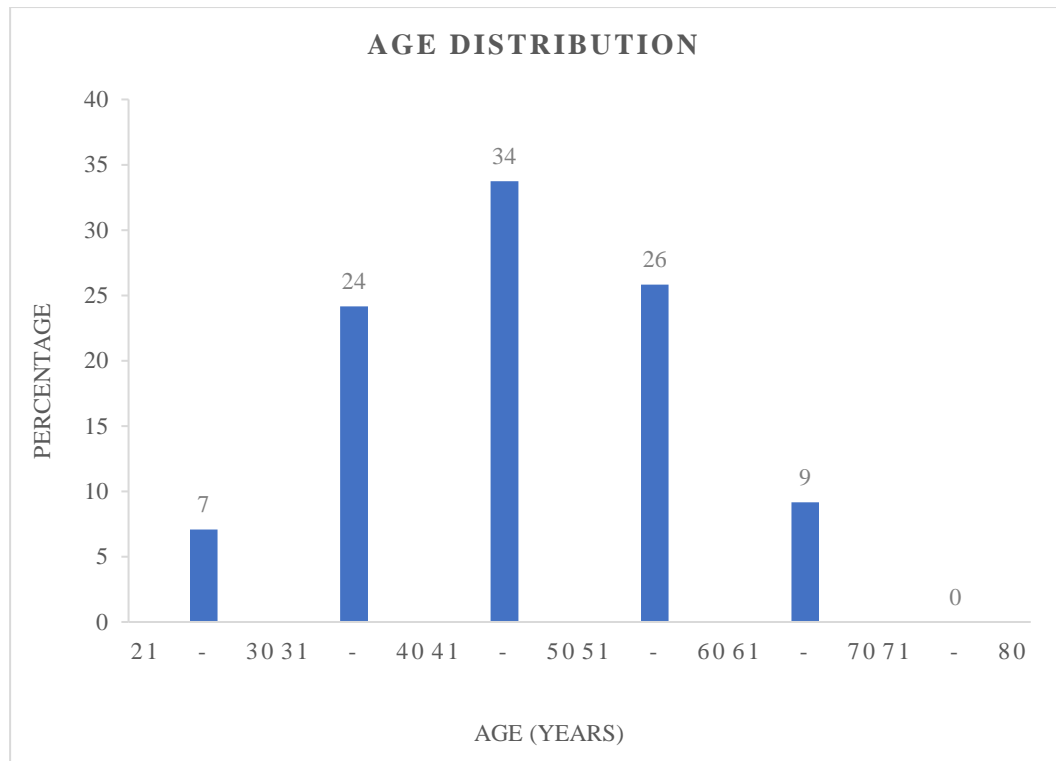
### **RESULTS AND DISCUSSION**

#### **Introduction**

The focus of this chapter is the presentation and analysis of data which was gathered from the respondents. The study used quantitative methods, and the data was collected via questionnaires. The presentation and discussion of data took into account some descriptive tables, figures, bar graphs, and pie charts which were translated into frequencies and percentages. Interpretations and conclusions of the data analysis reflect the objectives of the study.

In what follows, the respondents' socio-demographic variables are presented to show the composition of the population sampled which include the age, level of education, number of years in business, membership of women association, and the number of years for being a member.

Subsequent to the above are the presentation of data of financial management practices, sources of business finance, and uses of business funds; benefits of financial management practices; ascertainment of profit, and challenges in accessing loans.



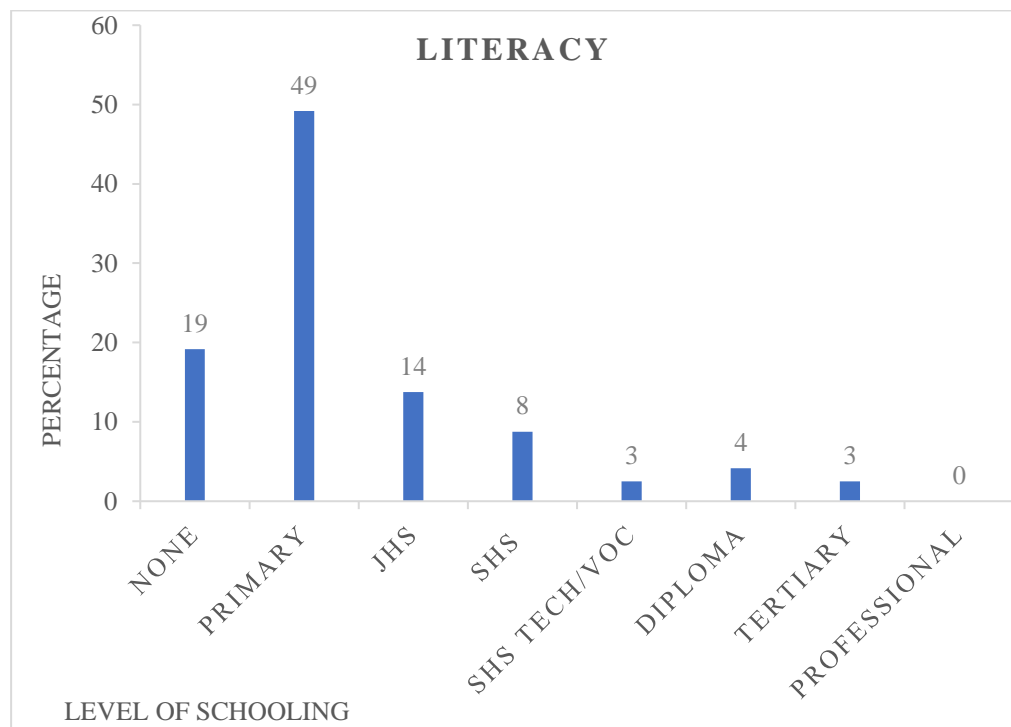
*Figure 2: Display of age distribution of the women*

Source: Field survey (2020)

### **Age**

Figure 2 above depicts the age distribution of the market women. 34% of the traders are aged 41 to 50 years whilst 24% and 26% are aged between 31 to 40, and 51 to 60 years respectively. 7% are aged between 21 to 30 and 9% lies in the bracket 61 to 70 years. The display shows that the women who are above seventy years of age are essentially not trading in the market. A probable reason for this may be that the aged traders' hand over their trading enterprise to granddaughters while they take a retirement. The study reveals that the majority of the women trading in the market under study are between 21 and 50 years. These results agree with research outcomes in GLSS4 (2000), (Amu, 2005), and (Osei et al, 1993).

This situation may be prevalent in rural communities where many of the market women have low level of formal education. After completion of Junior High School, they marry and since they have no skills, they find selling/trading as the financial haven. It is therefore important that policy makers pay attention to the rural market women and offer them support that will boost their trading activities; the market is a source of employment and livelihood for many women and their families.



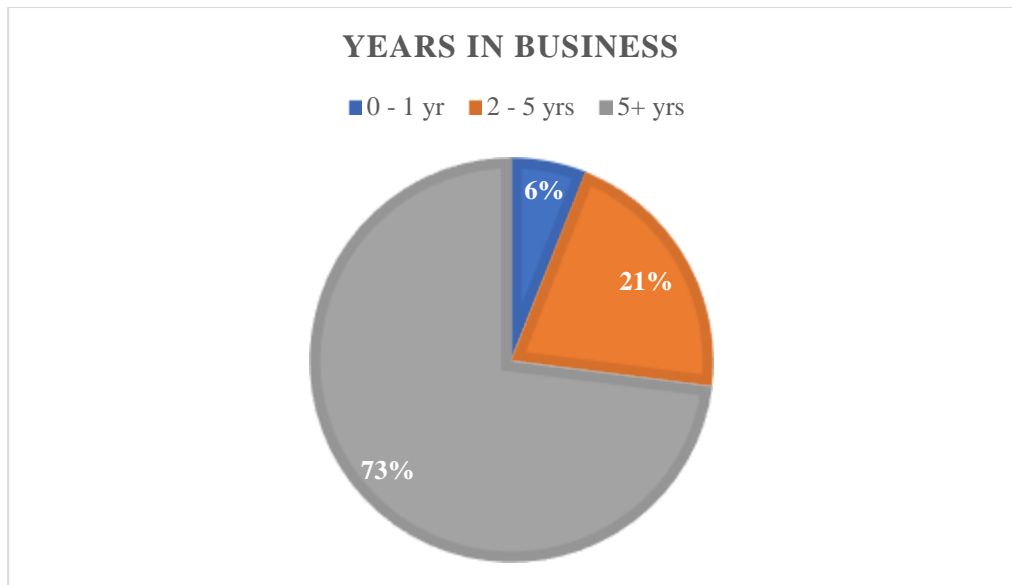
*Figure 3: Literacy levels of the market women*

Source: Field survey (2020)

**Education**

Data on the educational levels of the respondents as displayed in Figure 3 above shows that 49% had only primary education whilst 19% had no school education at all. This may explain the situation of the women concerning the keeping of financial or accounting records where over 52% indicated lack of accounting knowledge as reason for not keeping books of accounts. 19%

claimed they could not keep records of transactions because they cannot afford the cost of hiring a bookkeeper, 17% considered it not meriting the costs of expenses looking at the tiny nature of their enterprises, and 12% indicated that they were not aware that keeping accounting records was a necessity for their businesses. These findings are supported in earlier studies by (Amu, 2005), in GLSS 4 (2000), (Massod, 2011), and (Koena, 2019). Microenterprises must be ready to learn and perform basic accounting practices in order to achieve smooth improvement in business performance (Seman et al, 2019).



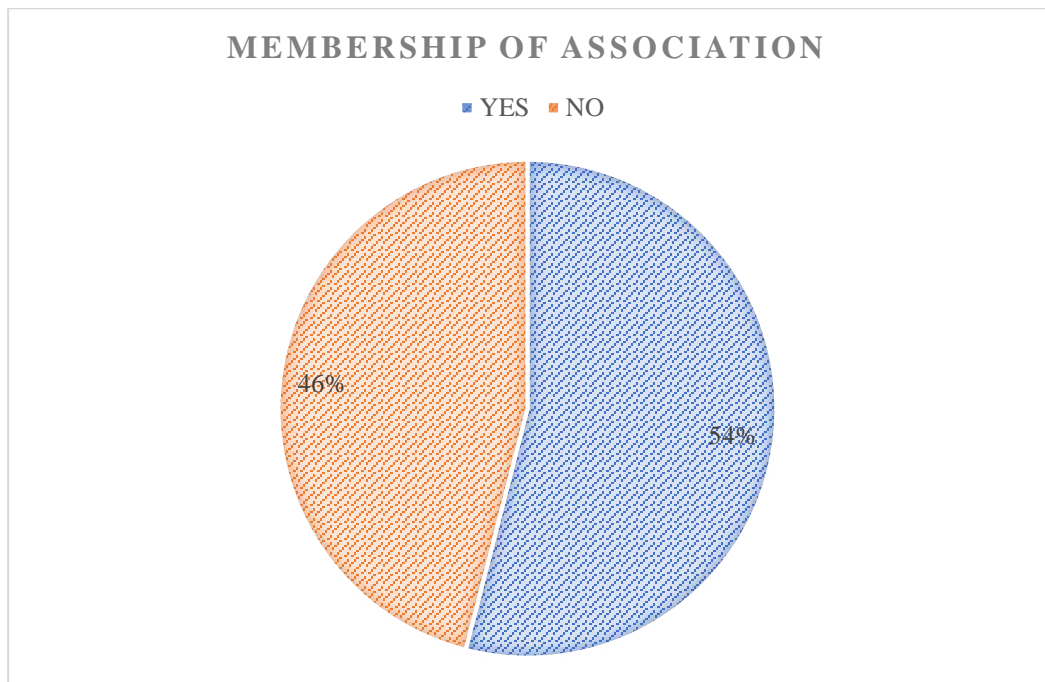
*Figure 4: Number of years in business*

Source: Field survey (2020)

### **Years of Trading Experience**

Experience facilitates business success and the number of years on the job is a prime factor of entrepreneurial experience (Sheela, 2016). This study revealed that 73%, of the traders under study have five or more years of trading experience whilst 21% have between two and five years, and 6% have a year or less trading experience. Most Ghanaian micro entrepreneurs first begin by

apprenticeship under seasoned players in the trade and mature into competence (Amu, 2005).



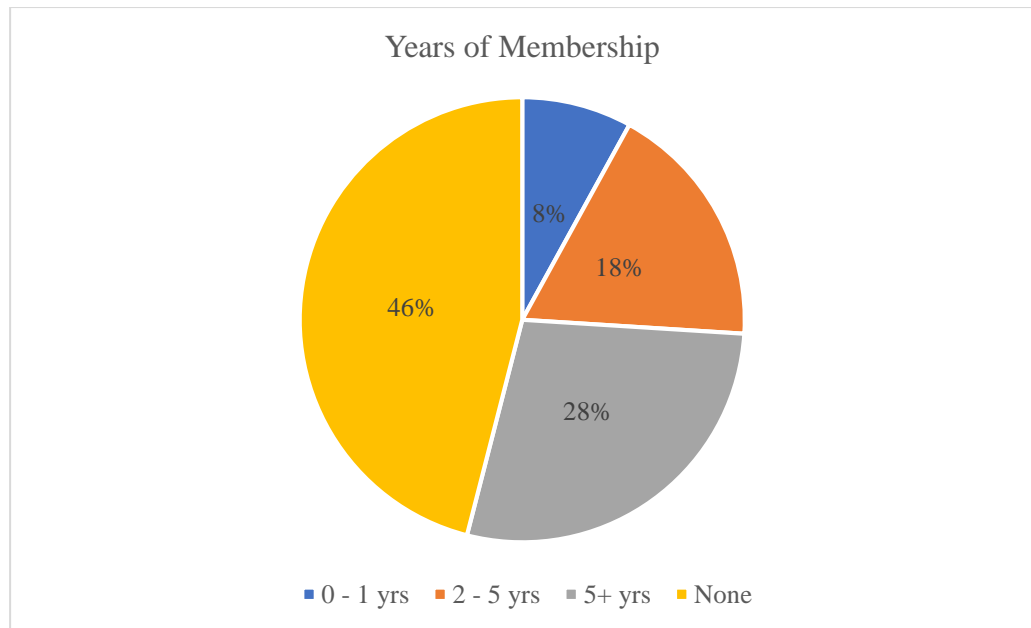
*Figure 5: Members and nonmembers of market women association*

Source: Field survey (2020)

### **Market Women Association**

The market women operate association to cater for their welfare as found in many enterprises in the Ghanaian economy (Amu, 2005). 54% belong to the Sunyani Market Women Association against 46% nonmembers.





*Figure 6: Number of years of association membership*

Source: Field survey (2020)

Figure 6 shows that the more years one spent as a trader the more predisposed one is towards belonging to the association. It is also surprising that a whopping 46% of the market women do not join the association. Some of the nonmembers of the association attributed it to the rampant collection of dues, and the inability of their leaders for sourcing financial support for the expansion of their businesses.

### **Financial Management Practices of Sunyani Central Market**

Financial management is one of the basic management functions practised in all businesses, and when adequately undertaken ensures a sound business conduct and presents the future for a successful business undertaking, (Gitman, 2007). Through this function, bases are determined for authority levels of financial control, budgeting and processing financial resulting information. According to (Olamide and Sajuyigbe, 2011), financial management is the “Planning, organizing, directing and controlling the

financial activities such as procurement and utilization of funds of the enterprise. It means applying general management principles to financial resources of the enterprise”.

The study showed that the market women of the Sunyani Central market engage in five main financial management practices, and these include savings, records keeping, plough back profit, insurance, and investment, among others. These are presented below.

### Savings

The data revealed that the market women save with one of the following: Susu (savings and Loans), Rural Community Banks (RCB), Mobile Money Wallet (BMW), and Commercial Banks.

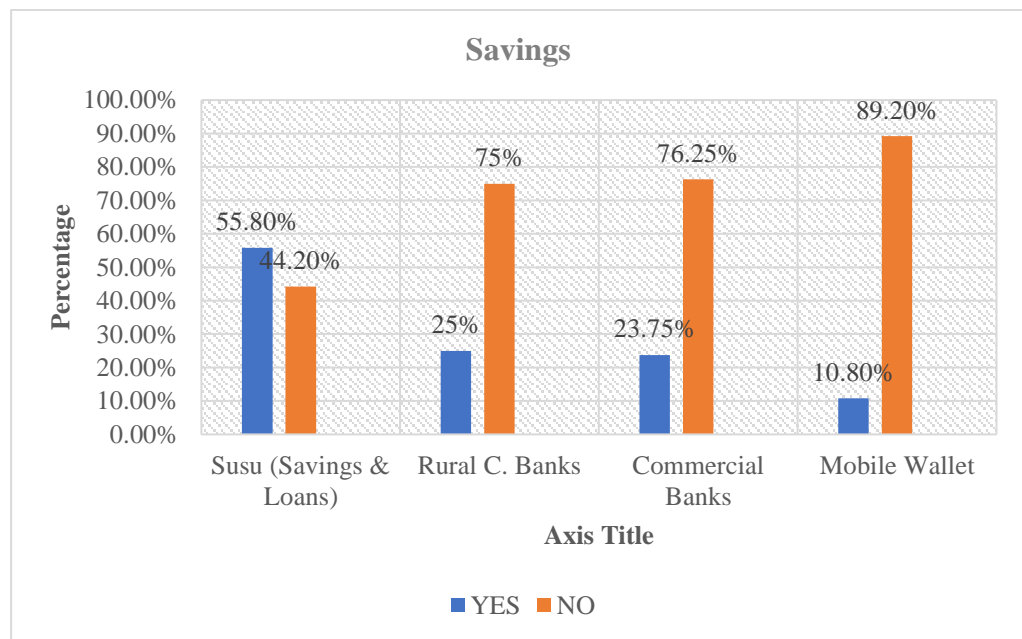
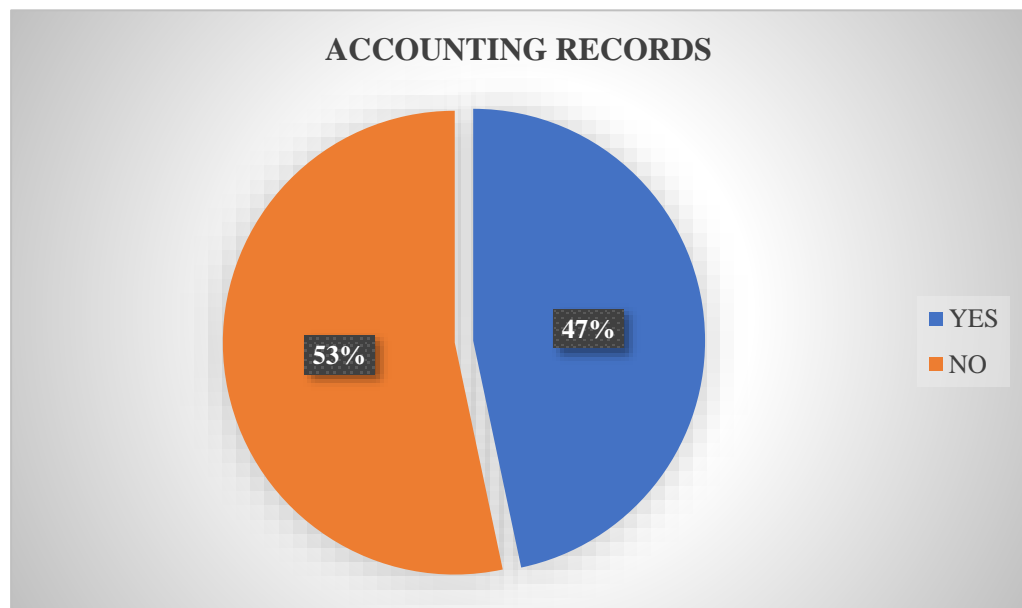


Figure 7: Saving practices of the market women

Source: Field survey (2020)

Figure 7 shows that most of the traders save with Savings and Loans perhaps due to their daily collections, and the fact that they allow smaller savings whilst least save in the Mobile Wallet. In fact, the respondents

explained that most of them have Mobile Wallet only, they do not save their money there due to fraudsters.



*Figure 8: Keeping of books of accounts by the market women*

Source: Field survey (2020)

### **Accounting Records**

The study reveals from the responses received that the majority of the market women do not keep books of accounts. 47% of the traders keep records while 53% do not keep records. Books of accounts allow for determination of the performance and health of a business enterprise and this situation shows that the Sunyani Market Women would not be able to do a fair financial analysis of their business activities. Microenterprises must be ready to learn and perform basic accounting practices in order to achieve smooth improvement in business performance (Semana et al, 2019). Important elements of performance such as net profit or loss as well as the cash flow balance would be difficult to be known. This result is consistent with the study of (Ademola et al, 2017), (Agyei-Mensah, 2010) who posited that micro SMEs do not keep complete records of

their transaction due to low or no accounting skills. Keeping of books of accounts is depicted in Figure 8 above.

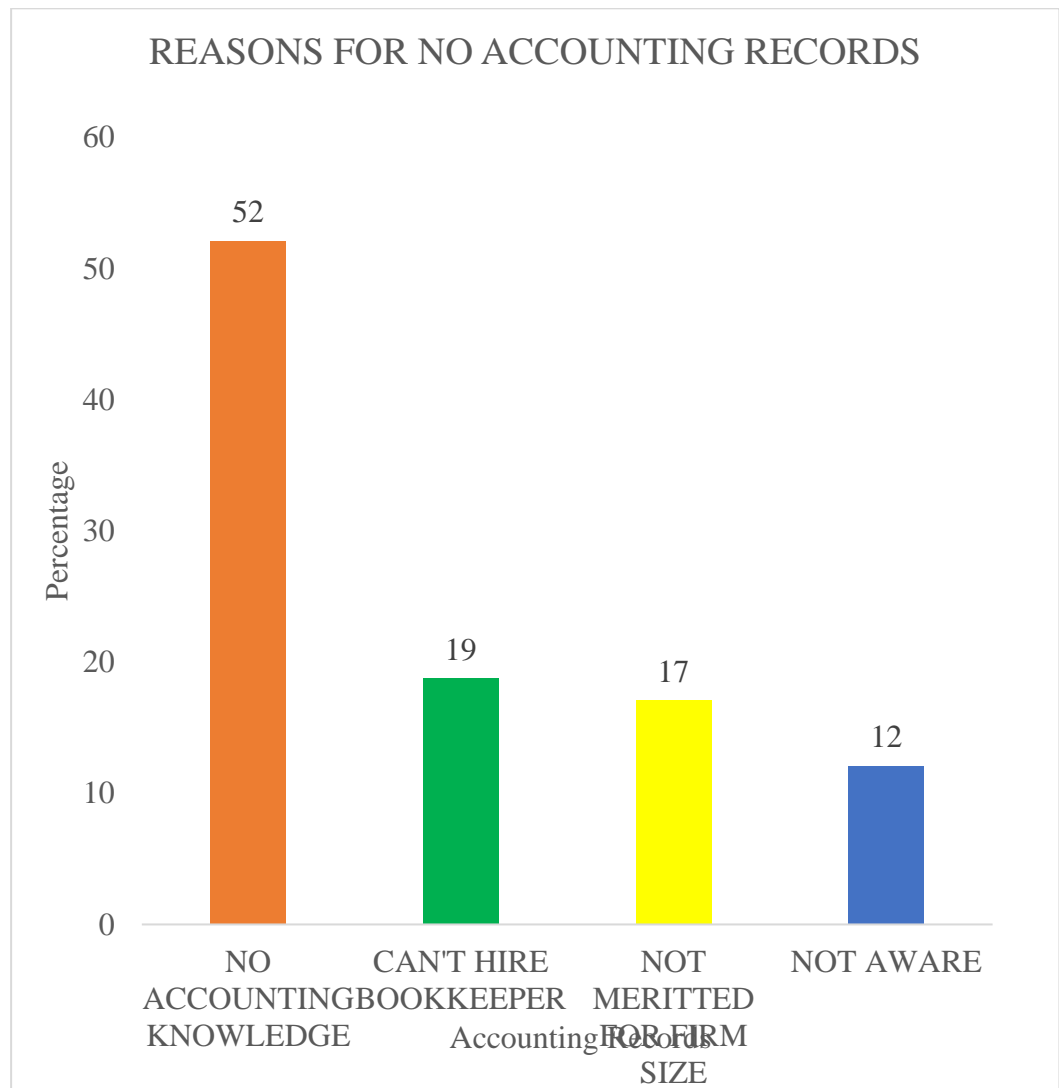


Figure 9: The perceptions of the traders concerning accounting records

Source: Field survey (2020)

### Perceptions about Keeping Accounting Records

Keeping proper books of accounts is considered with varied perceptions by the market women. 17% of them consider it unmeritorious because the size of their trade is too tiny and would not justify the costs it should entailed. 52% of them believe they do not have the level of accountancy knowledge for such a practice though one does not really need to be knowledgeable in a way to have

the necessary things done. Further, 19% said it straight that hiring a bookkeeper was beyond the means of their business. (Elaian, 1996) study employment challenges of SMEs and found out that one of the reasons for lack of financial management practices in these enterprises is challenges with staff emoluments. However, 12% indicated that they were not aware that their business would need the services of a bookkeeper. See Figure 8. (Sheela, 2016) enumerated similar reasons in his research studying the financial management of Indian women entrepreneurs and similarly (Ademola et al, 2017). Microenterprises must be ready to learn and perform basic accounting practices in order to achieve smooth improvement in business performance (Semana et al, 2019).

**Tables 1 to 7 are presented to show the data of the various financial management practices employed by the market women**

**Table 1: Plough back Profit of the Market Women**

	Frequency	Percentage
Yes	223	93%
No	17	7%
Total	240	100%

Source: Field survey (2020)

**Table 2: Insurance Cover for Business**

	Frequency	Percentage
Yes	11	5%
No	229	95%
Total	240	100%

Source: Field survey (2020)

**Table 3: Buying of Shares with RCB**

	Frequency	Percentage
Yes	1	0.4%
No	239	99.6%
Total	240	100%

Source: Field survey (2020)

**Table 4: Investing in Properties/Other Assets**

	Frequency	Percentage
Yes	21	8.7%
No	219	91.3%
Total	240	100%

Source: Field survey (2020)

**Table 5: Investing in Real Savings**

	Frequency	Percentage
Yes	80	33.33%
No	160	66.67%
Total	240	100%

Source: Field survey (2020)

**Table 6: Investments in Pre-Financing Activities**

	Frequency	Percentage
Yes	3	1.25%
No	237	98.75%
Total	240	100%

Source: Field survey (2020)

**Table 7: Engaging in Paying for Goods in Advance**

	Frequency	Percentage
Yes	1	0.4%
No	239	99.6%
Total	240	100%

Source: Field survey (2020)

Table 1 above shows that 93% embark upon profits plough back after the year ends whilst 7% do not plough back their profit into their businesses.

Table 2 above indicates that 95% of the traders do not take any insurance cover for their business whilst only 5% take insurance cover. This may explain why most market women request for government's support anytime there is a disaster such as fire outbreaks or floods.

Table 3 above depicts that 0.4% have shares with RCB whilst 99.6% do not have shares with their businesses.

Table 4 above shows that 8.7% invest in properties/other assets whilst 91.3% do not invest in properties/other assets in their businesses.

Table 5 above shows that 33.33% invest in real savings whilst 66.6% do not in their businesses.

Table 6 above shows that 1.25% invest in pre-financing activities whilst 98.75% do not invest in pre-financing activities.

Table 7 above shows that 0.4% engage in paying for goods in advance whilst 99.6% do not.

The data shows that only a few of the market women of the Sunyani central market undertake investment, and they invest in properties/other assets as well as real savings. This is shown in tables 4 and 5 above.

Figure 10 is presented to show the main sources of how the market women finance their business.

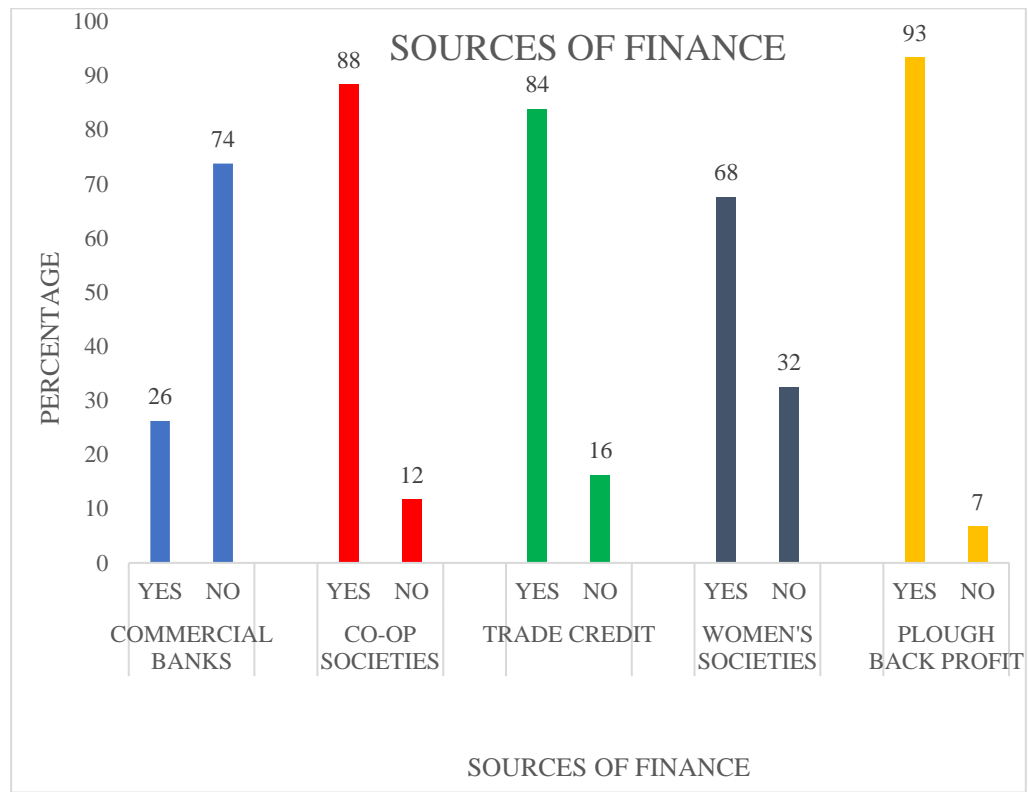


Figure 10: Sources of business finance for the market women

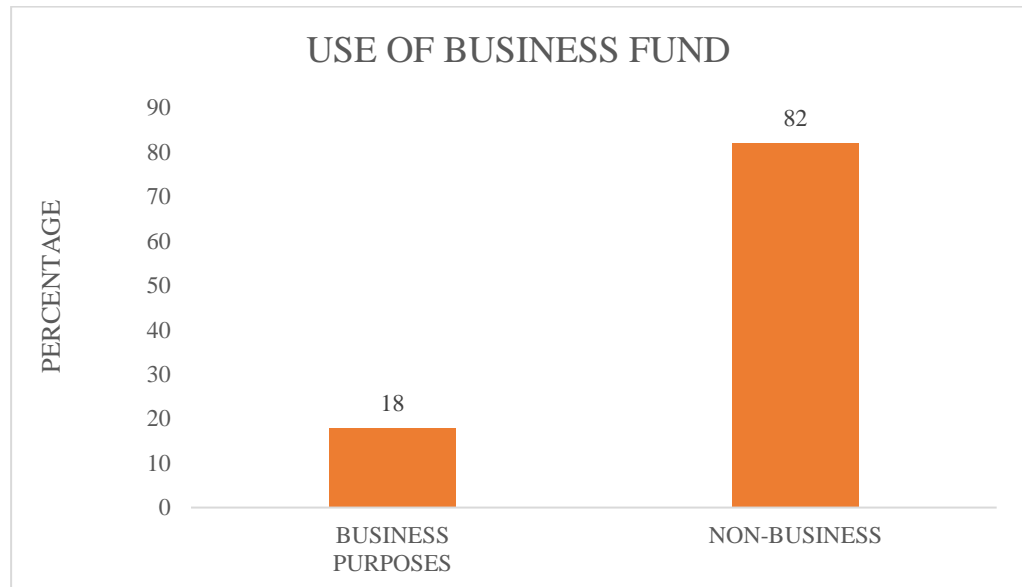
Source: Field survey (2020)

### Sources of Business Finance

The commercial banks are not the destinations of the majority of the market women when in search for business finance. They mostly access business finance from the Cooperative societies and women's societies. They also take much trade credits from supplies as well as ploughing back of profits. For the commercial banks, 26% source finance against 74% who do not. A large proportion, 88% of the market women apply for finance from the cooperative societies as against 12% who do not. Trade credit and women's societies are sources of finance for 84% and 68% of the traders respectively whilst these results are supported by (Osei et al, 1993) and (Agyei-Mensah, 2010) about the



sources of finance for Ghanaian small firms and enterprises in the informal sector of the industry. (Green et al, 2002) studied raising of finance by SMEs and obtained similar results as within. These figures are displayed in Figure 10 above.



*Figure 11: How the market women spend business funds*

Source: Field survey (2020)

### **Use of Business Funds**

The study revealed that the market women spend a substantial portion of funds on non-business enterprises predominately family feeding and care, school fees of children, and acquisition of property and allied domestic assets. Only 18% out of 82% of funds obtained from business go into funding business activities with the rest 82% spent on non-business making the women major partners in care of the family. The same conclusions were drawn by (Amu, 2005) in a field study in collaboration with the Friedrich Ebert Stiftung on the role of women in Ghana's economy. (Osei, 1993) and (Agyei-Mensah, 2010) also corroborated this finding in stating that because the micro enterprise keeps no accounting records, they would not be able to determine whether the

business is making profits or otherwise hence exposing them to spending on non-business activities out of tune with actual profits level.

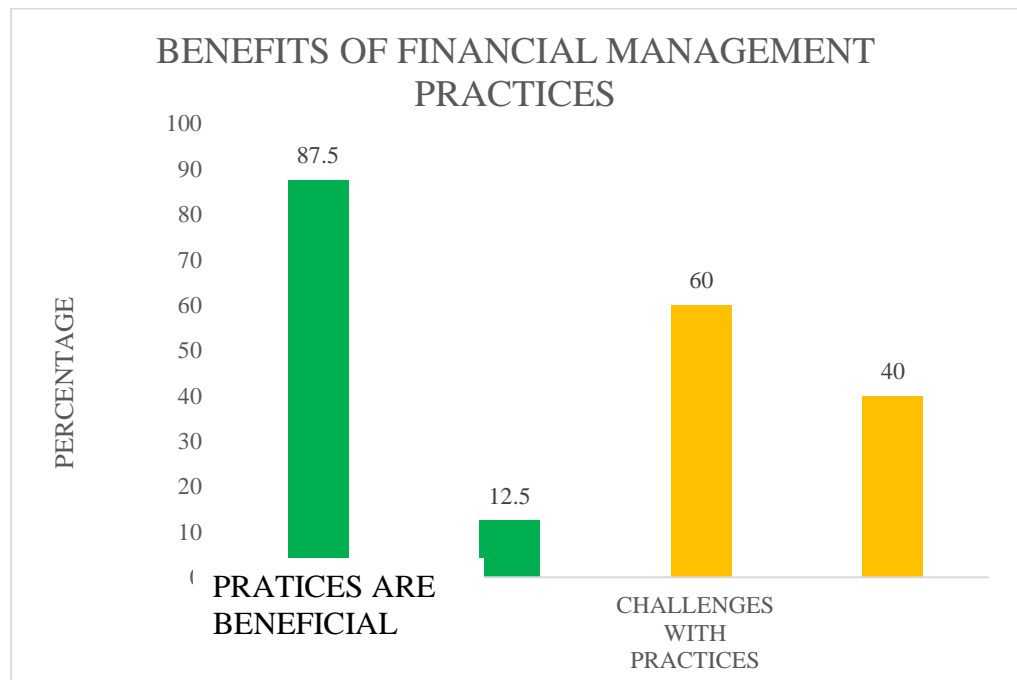


Figure 12: A display of benefits of financial management practices among the market women

Source: Field survey (2020)

**Benefits of Financial Management Practices**

When it comes to benefits of financial management practices, 87.5% of the respondents believe they would benefit from sound financial management practices, and yet they do not incorporate these necessary practices into their economic activities, with 12.5% thinking otherwise. However, 144 respondents representing 60% as against 96 representing 40% found financial management practices a challenge to their economic activities. Figure 12 details these facts. Microenterprises must be ready to learn and perform basic accounting practices in order to achieve smooth improvement in business performance, (Seman et al, 2019). (Osei, 1993), (Oduware, 2011), and (Ademola, 2017) all pointed out

in their research findings that financial management practices pose a challenge to operatives in the SMEs.

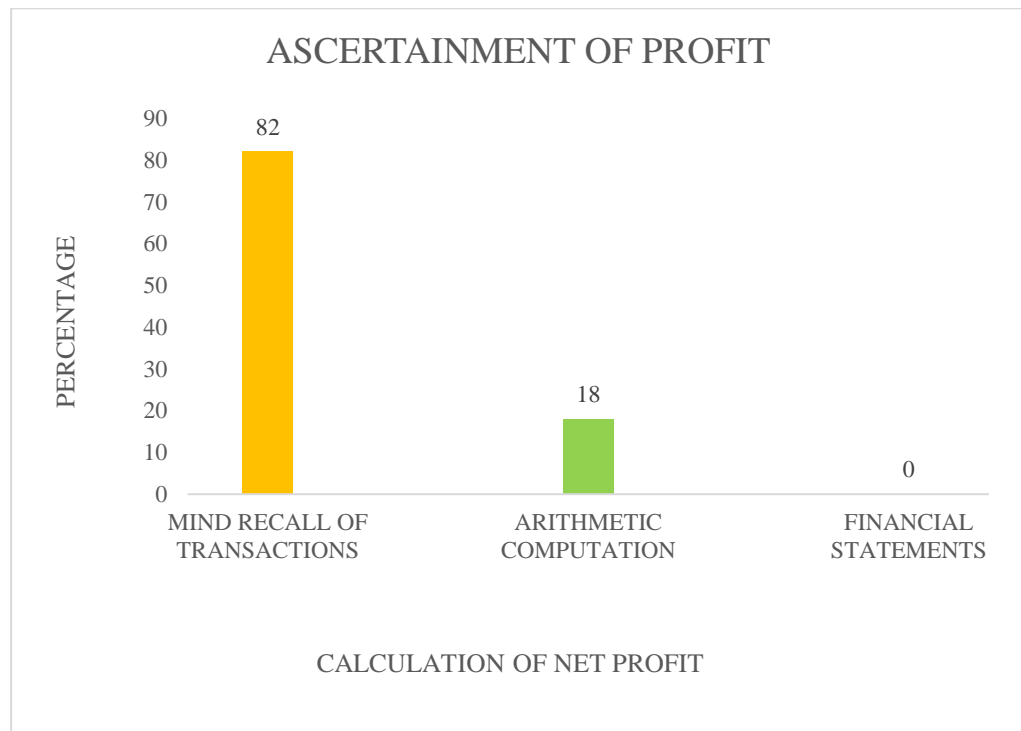


Figure 13: Chart displaying how market women ascertain business performance

Source: Field survey (2020)

### Ascertainment of Profit

As has been already established, the market women do not keep accounting record books as part of their financial management practices, however, their minds are their storage rooms for their business activities. Majority of them indicated that they recall their business transactions. Figure 13 shows that 82% rely mainly on mind recall. 18% rely on arithmetic computations for their financial calculations to determine the net profit of their business. The respondents explained that they determine their profits by deducting the cost of goods and other expenses from the total sales.

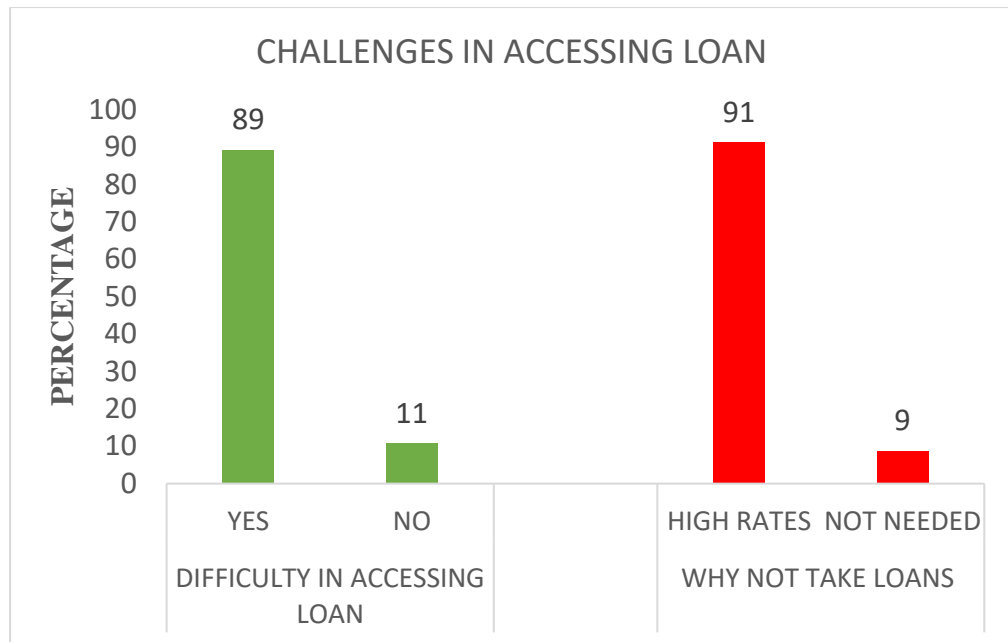


Figure 14: Challenges faced by the market women in accessing business loan

Source: Field survey (2020)

### Challenges with Accessing Business Finance

Figure 14 depicts that the majority of the women, 89%, versus 11% indicated significant difficulties with obtaining loans due to lack of basic loan requirements such as collateral, guarantor among others (Yensu et al, 2016). When sampled for the main reasons for not taking loans 91% claimed unattractive high interest rates whilst 9% replied that their business did not need loans. (Gitman, 2011) mentions this as among his several reasons for why micro enterprises find it difficulties in accessing loans which (Sheela, 2016) also confirms in a study about Indian women entrepreneurs.

Micro enterprises find challenges with accessing business loan for many reasons among which are lack of several strengths such as collateral, business information, and a credible management structure (Sheela, 2016, Ademola et al, 2017).

The situation is improving by the entry of well-capitalized banking sector into provision of credit to the private sector which hopefully would lead to easing of loan requirements for micro enterprises (World Bank, 2019). Different strategies are employed to measure business performance and they vary in complexity and straightforwardness (Yensu et al, 2016). Performance estimation must incorporate five important principle measurements namely, budgetary, market and client, handle, staff advancement, and accurate forecast to the future (Grafton et al, 2010). Measurement of business performance may be looked at different indicators for businesses depending upon size (Senzu and Ndebugri 2018) citing (Kaplan and Norton, 2007) changes in business conditions demand a change on the management systems requirements in many ways, three among which are conception and management techniques, information security, and in professional skills and knowledge base of employees (Rylkova & Bernatik, 2014).

## CHAPTER FIVE

### SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

#### Introduction

This study was about examining the financial management practices of the women trading in the Sunyani Central Market within the Sunyani Municipality of the Bono Region of Ghana. The main objective of the study is to find out and understand the financial management practices employed by the market women since they are a very important subgroup of the SMEs.

Market women provide a vital service to society by being the medium by which Ghanaians dwelling in the cities and towns of Ghana buy their daily food requirements and other essential commodities and necessities.

Market women seek to improve service delivery to the people by offering quality wares at fair prices. They do this in collaboration with the suppliers at the earlier rungs of the food chain. Farmers and other raw material suppliers are endeavour in their activities to ensure that the satisfaction of consumers from the market are guaranteed which in the end materializes into a well-fed and healthy population.

The chapter summarizes the findings of the study, makes concluding remarks and recommendations.

#### Summary of Findings

- i. The study revealed that market women covered in the survey had very limited financial management skills which is necessary to drive the further growth of their business.
- ii. The research further showed that market women used very little part of profits from their economic activities for the expansion and growth of

the enterprise and rather spend a larger part on non-business-related assets.

- iii. It was further revealed that the majority of the market women do not follow basic accounting practices such as bookkeeping and they do not possess the basic personal skills on how to improve their market trading enterprise.
- iv. It was shown that market women lacked the resources required to hire bookkeepers to maintain accounting records of the business.
- v. The study showed that the majority of the traders sought financial assistant from private sources of finance rather than the commercial banks.
- vi. It was observed that the rate of financial inclusion of market women is high but due to low profits level obtaining loans became a challenge.
- vii. A sizeable proportion of the traders do not belong to the membership of the market women's association.
- viii. Majority of the women are in their youthful age – between 21 and 50.

### **Conclusions**

It is concluded that financial management practices are crucial for a successful performance of the business of market women because they facilitate sound business management leading to achievement of enterprise objectives as well as the growth and long-term survival of the enterprises. Further, financial management practices ensure the availability of relevant financial information required to inform economic decisions made by entrepreneurs as well as other stakeholders such as government, suppliers, and financial institutions.

Availability of reliable financial information would further enrich interactions between the enterprise and its environment.

Furthermore, the market women should be educated to follow basic accounting practices such as bookkeeping, so that they would possess the basic personal skills in order to improve their market trading enterprise. More so, the market women should be encouraged to use much profits from their economic activities for the expansion and growth of their business activities and rather spend little part on non-business-related assets. Lastly, because the rate of financial inclusion of market women is high and profit level is low, obtaining loans from the commercial banks becomes very challenging for the market women. Consequently, there is the need for the commercial banks to reduce their interest rates so that obtaining loan becomes easily assessible for all market women.

### **Recommendations**

- i. Market women entrepreneurs as a matter of urgency need to incorporate sound financial management practices into their economic activities so that basic management tools such as accounting records keeping and effective working capital management would drive and improve business performance to ensure achievement of business objectives.
- ii. Government and other social services providers such as NGOs need to come to the assistance of market women entrepreneurs by offering them capacity building, education in basic book keeping, and mentorship in the critical field of basic financial management practices so to get them develop confidence in the management of market women operations.



It is anticipated that when these recommendations are taken into consideration, it will go a long way to improve the performance of SMEs which in the end impact positively on the economic growth of the nation.

### **Suggestions for Further Research**

It is suggested that further research should also be carried out in other areas such as vegetable farming, food crop farming (plantain, cassava, cocoyam, maize etc), poultry farming, and cash crop farming with similar features from Sunyani central Market of Bono region since the topic is of national significance and importance. There is the need for holistic approach to help to understand financial management practices among Ghanaian market women.

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## APPENDIX A

The charts in the results and discussions chapter 4 were drawn from the related tables displayed in the Appendix. Hence, Figure 1 was plotted from the table in Appendix 1. Similarly, for the rest.

**Table 8: Accounting Records kept by the Women.**

	Frequency	Percentage
Yes	112	47%
No	128	53%
Total	240	100%

Source: Field survey (2020)

**Table 9: Source of Business Fund.**

SOURCES OF FINANCE			
	Reply	Frequency	Percentage (%)
Commercial Banks	YES	63	26
	NO	177	74
Co-Op Societies	YES	212	88
	NO	28	12
Trade Credit	YES	201	84
	NO	39	16
Women's Societies	YES	162	68
	NO	78	33
Plough Back Profit	YES	224	93
	NO	16	7

Source: Field survey (2020)

**Table 10: How the traders use their Business Fund.**

USE OF BUSINESS FUND		
	FREQUENCY	PERCENTAGE (%)
Business Purposes	43	18
Non-Business	197	82

Source: Field survey (2020)

**Table 11: Traders Perceive Keeping of Accounting Records.**

PERCEPTIONS ABOUT KEEPING ACCOUNTING RECORDS			
	Reply	Frequency	Percentage (%)
Reasons for No Accounting Records	No Accounting knowledge	125	52
	Can't hire Bookkeeper	45	19
	Not Meritted for firm size	41	17
	Not aware	29	12
		240	100

Source: Field survey (2020)

**Table 12: Data for literacy of the traders**

Literacy	Frequency	Percentage
None	46	19
Primary	118	49
JHS	33	14
SHS	21	8
SHS Tech/Voc	6	3
Diploma	10	4
Tertiary	6	3
Professional	0	0

Source: Field survey (2020)

**Table 13: Age Distribution of the Women.**

Age (Years)	Frequency	Percentage
21 - 30	17	7
31 - 40	58	24
41 - 50	81	34
51 - 60	62	26
61 - 70	22	9
71 - 80	0	0

Source: Field survey (2020)

**Table 14: Perception of the Benefits of Financial Management Practices.**

FINANCIAL MANAGEMENT PRACTICES			
	Reply	Frequency	Percentage (%)
Practices are Beneficial	Yes	210	87.5
	No	30	12.5
Challenges with Practices	Yes	144	60
	No	96	40

Source: Field survey (2020)

**Table 15: Challenges faced by the women with Accessing Loan.**

CHALLENGES WITH ACCESSING BUSINESS FINANCE			
	Reply	Frequency	Percentage (%)
Difficulty in Accessing Loan	Yes	214	89
	No	26	11
Why not take Loans	High Rates	219	91
	Not Needed	21	9

Source: Field survey (2020)

**Table 16: How the Traders Ascertained Profit.**

Ascertainment of Profit	Source	Frequency	Percentage (%)
Calculation of Net Profit	Mind Recall of Transactions	197	82
	Arithmetic Computation	43	18
	Financial Statements	0	0

Source: Field survey (2020)

**Table 17: Business Enterprise Variables.**

Business Enterprise Variables		Frequency	Percentage (%)
Years in Business	0 - 1	15	6
	2 - 5	49	21
	More than 5	176	73
Market Women Association	Yes	130	54
	No	110	46
Member of Market Women Association	0 - 1	18	8
	2 - 5	43	18
	More than 5	68	28
	None	111	46

Source: Field survey (2020)

**APPENDIX B**  
**QUESTIONNAIRE**

**CATHOLIC UNIVERSITY COLLEGE OF GHANA, FIAPRE**

This questionnaire is designed to be used for academic research on “**Financial Management Practices among Market Women in the Sunyani Central Market**”. Please read each statement carefully and answer them, your honest opinion is needed in this regard. Be assured that all information provided will be treated as confidential.

**(A) Bio-data of Respondents**

Please tick (✓) the appropriate response and complete where necessary

1. Age (in years) Please specify.....
2. Place of abode, please specify.....
3. Level of Education, please tick
  - a. No schooling [   ]
  - b. Primary/Middle/Secondary School [   ]
  - c. JHS/Technical/Vocation/Commercial [   ]
  - d. SSSCE/WASSCE [   ]
  - e. Diploma [   ]
  - f. Tertiary [   ]
  - g. Professional [   ]
4. Household Size, please specify [   ]
5. Head of Household
  - a. Husband [   ]
  - b. Wife [   ]
6. Number of own children, please specify [   ]



7. Do you have a spouse?
  - a. Yes [ ]
  - b. No [ ]
8. If question 7 is yes, does your spouse work?
  - a. Yes [ ]
  - b. No [ ]
9. Are you residing in your own apartment?
  - a. Yes [ ]
  - b. No [ ]
10. 10. Are your child/ward(s) attending school?
  - a. Yes [ ]
  - b. No [ ]
11. 11. How many are they? [ ] Please write the number
12. 12. If question 11 is yes, write the number in each box
  - a. Primary [ ]
  - b. JHS [ ]
  - c. SHS [ ]
  - d. Tertiary [ ]

**B) Financial Management Practices**

1. What type of business enterprise are you engaged in, please specify.....
2. How long have you been engaged in this business enterprise, please tick
  - a. 1 year or less [ ]
  - b. 2 - 5 years [ ]
  - c. More than 5 years [ ]

3. Do you belong to any Market Women Association or Club?
  - a. Yes [   ]
  - b. No [   ]
4. If question 3 is yes, how long is your membership? Please tick
  - a. 1 year or less [   ]
  - b. 2 – 5 years [   ]
  - c. More than 5 years [   ]
5. How did you acquire the business startup capital, please specify.
  - a. Family resources [   ]
  - b. Susu/Personal savings [   ]
  - c. Credit Union [   ]
  - d. Informal money lender [   ]
  - e. NGO support [   ]
  - f. Government support [   ]
  - g. Women Group Loans [   ]
  - h. Plough back profit [   ]
  - i. Bank [   ]
6. Apart from Sunyani Central Market, do you have any other trading outlet?
  - a. Yes [   ]
  - b. No [   ]
7. If question 6 is yes, where is the other market(s) located, please tick
  - a. In Sunyani [   ]
  - b. Outside Sunyani [   ]

8. What financial management practices do you undertake as result of your business enterprise?

a. Where do you bank? please tick

- i. Saving with Rural Community Bank (RCB) [ ] (
- ii. Commercial Banks [ ]
- iii. Mobile wallets [ ]
- iv. Susu (savings and loans) [ ]
- v. Home keeping (personal save) [ ]
- vi. Women groups in terms of susu (rotational bases) [ ]

b. Investment, please tick

- i. Buying of shares with RCB [ ]
- ii. Investing profit in land/other properties [ ]
- iii. Real savings [ ]
- iv. Pre-financing activities of the business enterprise, that is, pre-investment [ ]
- v. Trade credit (crediting/selling and paying back) [ ]
- vi. Taking insurance cover for business [ ] (vii) Engaging in paying for goods in advance [ ]
- vii. (viii) Other, please specify.....

9. Do you keep accounting records?

- a. Yes [ ]
- b. No [ ]

10. If No, indicate the reasons:

- a. Lack of capacity [ ]
- b. Incapable to employ clerk [ ]

c. It is not needed [ ]

11. Has the financial management practices currently in operations been beneficial to your business?

a. Yes [ ]

b. No [ ]

12. If question 11 is yes, how please specify

(i).....

(ii).....

(iii).....

(iv).....

13. Have you encountered any difficulties with any of the currently operational financial management practices?

a. Yes [ ]

b. No [ ]

If question 13 is yes, what difficulties, please state.

(i).....

(ii).....

(iii).....

(iv).....

**THANK YOU**