Educational Administration: Theory and Practice
2024,30(4), 2593-2603
ISSN:2148-2403
https://kuey.net/

Research Article

Access to Financing and the Success of Small and Medium-Scale Enterprises: A Case of Wa Municipality in Ghana

Alhassan Ismail[1*], Dr. kunjal Sinha[2]

[1*]Faculty Officer, Faculty of Applied Science and Technology, Dr. Hilla Limann Technical University
[2] Professor of Marketing and Director, Centre for Distance and Online Education, Parul University
Citation: Alhassan Ismail and kunjal Sinha (2024), Access to Financing and the Success of Small and Medium-Scale Enterprises: A Case of Wa Municipality in Ghana. *Educational Administration: Theory and Practice*, *30* (4), 2593-2603
Doi:10.53555/kuey.v30i4.1900

ARTICLE INFO

ABSTRACT

This study examined the influence of access to financing on Small and Medium-Scale Enterprises' (SMEs) success in the Wa Municipality of Ghana using collateral demands, interestfree charges, startup grants, and tax reliefs, as metrics. By random sampling technique, the data was collected from 411 SME operators through an online structured questionnaire. Employing SPSS software, the data was analyzed using descriptive and inferential means. Correlation and regression analyses were conducted to achieve the study objective. The correlation results reveal that all the determinants positively link SMEs' success. The regression analysis also shows that access to financing is a key factor in predicting SMEs' success (R2 = 0.074, Prob > F = 0.000). Meanwhile, only collateral issues proved statistically significant and predicted SMEs' success by 12.5% (p-value = 0.004). Accordingly, to increase SMEs' financial access, support to SMEs in the Municipality should not be tied to collateral presents.

Keywords: Critical success factor, SME, Access to financing, Determinant, Survival, Replacement of inventory

Introduction

Access to financing is generally recognized as an important factor for the success of Small and Medium-Scale Enterprises (SMEs) (Fowowe, 2017; Gyimah & Lussier, 2019). Access to financing increases firm growth, productivity, and survival (Bakhtiari et al., 2020; Hussain et al., 2021; Shihadeh et al., 2019). So the financial viability of every firm, is considered key to their continuous sustenance (Nyoni & Bonga, 2018). Despite these acknowledgements, the weight of the wellknown SME success elements appears unstable but changes from one territory or industry to the other implying that distinguished SMEs' success factors found in one country or segment, might not be of equal prominence in another (Lampadarios et al., 2017). For that reason, though most researchers honor access to financing as a critical driver to SMEs success, it is not fixated that the construct remains a core influencer for SMEs success in all sectors and terrains. Therefore, since there is presently no study examining access to financing and SMEs' success in the Wa Municipality, Ghana, this study evaluated the extent to which access to financing is critical for the success of small scale enterprises in the Municipality.
To underscore the significance of the research, it should be noted that SMEs are considered the pivot around which economies revolve (Alfoqahaa, 2018). They are noted to contribute to job creation, increase national income, and reduce poverty levels among others. Notable organizations like the international labour organization (ILO) recognizes the SME sector promotion a key priority area. In Ghana, close to 92% of businesses are SMEs, contributing approximately 71% of jobs which makes the sector the most crucial economic segment in the Country (Kwaku Amoah, 2018). Unfortunately, majority of firms in the industry collapse quite early (Douglas et al., 2017) and consequently, not able to contribute to development. Accordingly, the study considered access to financing and SME success to help gain the fullest contribution from the sector, and also to contribute to knowledge on SMEs' key success factors. In view of the foregoing, the study tested the hypothesis below:
H1: Whether access to financing is a critical factor responsible for SME success

The remaining sections of the paper is organized as follows: Section two consisted the review of relevant literature, Section three discussed the methodology while chapter four presented the findings and discussion. The final section provides the conclusion and recommendation for policy interventions.

Literature

Overview of the definition for SMEs

There are multiple definitions for SMEs (Adjei & Denanyoh, 2016) with differences in the criteria used among countries, institutions (Douglas et al., 2017; Pula & Berisha, 2015) and even among scholars. Definitions of SME vary in accordance with where the definition is made or who is doing the definition (Kulah, 2016). There are also differences in terms of the composition of the term. The International Labour Organization, noticed over 50 definitions with variations in the terminology used across 75 countries (Pula & Berisha, 2015). Despite the differences in nomenclature, each of the references is still targeting the same category of business (Pula & Berisha, 2015).

The Ghanaian perspective of an SME

In Ghana just like it is globally, there is no consensus on the definition of an SME. There exits several definitions with varied standards used (Kulah, 2016). For instance, what the Ghana Statistical Service (GSS) or the Regional Project on Enterprise Development Ghana manufacturing poll paper refers to as SME, is completely variant from that of the National Board for Small Scale Industries (NBSSI), among others. However, with the need for a working definition for this study, the NBSSI's definition was adopted. The NBSSI considered an SME as an enterprise that hired workers not exceeding nine (9) employees with fixed assets not surpassing ten (10) million Ghanaian cedis (Kwaku Amoah, 2018).

Appraisal of SMEs success

Although success is synonymous with victory, achievement, and accomplishment, (Mabhungu & Van Der Poll, 2017) noted that an SME's operator alone would better define what success is to the business that he/she operates because people usually venture into business with varied motives. Scholars for example (Albassami et al., 2019), have associated success with performance with a performing business being regarded as a successful business though no settlement has been reached among researchers on what SME success entails (Priyadarshanie, 2020). Scholars have thus used financial or none-financial parameters as success indicators. Congruent with (Oyeku et al., 2014) this study considered SMEs' survival for at least 2years with the business operator able to regularly replace the firm's inventory to mean the firm's success.

On the dimension of key success elements, empirically, numerous factors are associated to SME success hence scholars have focused on identifying critical success determiners of the firms (Busaidi et al., 2019; Nyoni & Bonga, 2018). Researchers clarified that there are Critical Success Factors (CSF) specific to different conditions (Lampadarios, 2015; Radzi et al., 2017) or a firm's life cycle stage (Iguna & Sazita, 2018). Despite these opinions, scholars do not argue that CSFs are key factors in determining the positive performance of SMEs and should be focused on to prevent the failure of the firms. As examined below, this study prioritized on access to financing to investigate how critical the construct is to SME success.

Financial accessibility by SMEs

Access to financing implies the sourcing of funds to aid in the operations of a business. It entails that SMEs will not face challenges in getting financial services and products (Chowdhury, 2017). However, current studies consider the challenge of accessing finances for SMEs as a serious problem, being regarded as a global phenomenon (Waked, 2016) and more alarming in developing countries (Karadag, 2015). In Europe, SMEs are affected by credit restrictions (Altman et al., 2020), while in Turkey, credit to SMEs stay as low as between 23% and 25% (Karadag, 2015). Similarly, financial accessibility remains a bottleneck to SMEs in Africa (Quartey et al., 2017). In the Republic of Zambia, (Nuwagaba, 2015) and Ghana, (Arthur, 2015; Mensah, 2015; Prempeh, 2015), the popular financial accessibility challenge of SMEs have been articulated. These are confirmations of how widespread the problem is to SMEs.

Sources of funds for SMEs

The sources of funds are the areas where entrepreneurs generate funds from, or receive financial injections in starting a business or in support of the operation of their firms (Avevor, 2016). Two general sources of funding are identified for SMEs. These are through external or formal sources and internal or informal sources. External funding is generally through credit extensions from financial institutions and this is where SMEs generally encounter accessibility problems. Informal sources of financing on the other hand, usually include: income from family members and friends, deposits of owners, susu, credits, gifts, debt collection, sale of stock, Retained Earnings, Fixed Assets sales, or similar other sources. This later source though, usually does not quench the financial requirements of SMEs. Unfortunately, most firms in Africa which are largely SMEs, use these informal sources of funding (Quartey et al., 2017). Sunardi et al., (2020) conveyed that the larger the size of a firm, the greater the likelihood for it to seek formal sources of funding.

Impact of financing to firms

Firms' access to financing is mostly seen as a key driver to their development, influencing their productivity, growth, sustainability and others. Karedza et al., (2014) found both the cost of funding and inadequate funding as contributory factors that suppress SMEs growth. Shihadeh et al., (2019) noted that banks play crucial role by providing financial services to improve the sustainability of
SMEs. Other authors stressed the significance of access to financing to SMEs' performance (Chowdhury, 2017; Waked, 2016). Given these scenarios, it would have been expected that there are no barriers hampering SMEs financial access to enable them contribute the utmost they could to nations' development. This has been discussed in the next discourse.

Exploring barriers to SMEs' financing and operations

The literature is explicit that in most cases, external financiers consider the SME sector very risky (Avevor, 2016). A release by (World Bank Group, 2018) indicates that banks offer a lesser quantum of loans to SMEs and charge them higher interest rates and fees and that about 23 to 25% of SMEs in East Asia, Sub-Saharan Africa, South Asia and Pacific regions, are completely inhibited in credit access. Within the European Union, SMEs' supply of loans by financial organizations is below average (Rupeika-Apoga et al., 2017). Mabhungu & Van Der Poll, (2017) disclosed that collateral constraints are partly why 90% of SMEs are deprived of formal monetary sector lending and that 95% of the SMEs thus rest entirely on informal means. Bakhtiari et al., (2020) reinforced that the percentage of reliance on self-financing by SMEs in OECD countries between 2014 and 2018 rose from 35 to 44% respectively. In the whole loan portfolio of banks in five countries of Sub-Saharan Africa, the portion of SMEs lending varies between 5% and 20% (Mabhungu & Van Der Poll, 2017). A report (World Bank Group, 2018) discovers that loans from banks constitute below a quarter (¼) of small enterprises' total liability financing.
Moreover, the onslaught of the Covid-19 pandemic which forced governments to institute social distancing and lockdown measures to contain the crises, impacted negatively on SMEs. A recent study in 132 countries discovered that almost 2/3 of SMEs testified that the Corona Virus-induced emergency affected their operations and that 1/5 of SMEs attested that in a space of three months, they face the risks of indefinite closures (IMF, 2020). Firms are further constrained due to the Russia-Ukraine war which affected profits, (Singh, 2022), caused ballooning inflationary figures and destabilizes SMEs (Uhuegbu, 2023). Hence, the geopolitical conflict exacerbated firms' financial and operational challenges.

Specific Variables determining SMEs credit access

Collateral guarantees

Collateral demands by lending institutions are a key weakening element to small firm financial access (Wang, 2016). According to (Chowdhury, 2017), request for collateral by financial organizations frustrates and reduces firms' ability to get funding while (Nguyen et al., 2016) found a positive relationship between collateral, and effective accessibility to lending. These suggest that without collateral requests, SMEs could get the necessary funding to enable them succeed.

Interest rates

Interest rate is one other factor SMEs are confronted with. Evidence (Hussain et al., 2021) shows that there is an inverse relationship between interest rates and business performance. In the European Union, SMEs face high-interest rates as a primary impediment (Vasilescu, 2014). Indeed it is generally argued that exorbitant interest charges choke entrepreneurial drives. In relation to that, (Avevor, 2016) justified that SMEs are charged with high-interest rates because the sector is perceived to be risky. These positions suggest that, an interest-free lending could become an antidote for SMEs' sustainability challenges.

Start-up grants

Grants could be described as spring boards for firms particularly start-ups. Start-up grants paddle firms' success (Kee et al., 2019) and serve as motivation for firm growth and expansion in territories with high levels of joblessness in France (Wang, 2014). Grants could promote firm performance and national development by stimulating vehicles for prosperity including Research and Development (R&D). Bakhtiari et al., (2020) reported that grants increase business productivity through crowding-in-effect. At present, it appears conspicuous that the prevailing understanding is that there is a positive link between start-up grants and SME's positive performance.

Tax reliefs

Report on tax reliefs and firm performance (Onyango, 2015) demonstrates that there is a positive connection between them. Tax reliefs diminish SMEs financial demand loads (IMF, 2020). Daniel & Faustin, (2019) also reported that some countries in Europe provide tax exemptions to cut down reliance on financial organizations and make credit accessible to SME operatives and start-ups. These imply that SMEs gained improved financial leverage through tax holidays which translate into improved performance.

Study Design/Approach

The study used a quantitative survey method. Precisely, it employed structured questionnaire technique through an online medium to collect data from sampled managers of SMEs within the Wa Municipality of the Upper West Region of Ghana. In verifying the credibility of the test instrument, a pre-test was carried-out on a sample of 15 SME managers, concomitant with (Kariuki, 2018) who used fewer respondents for pilot test.
Subsequently, reliability of the test items was confirmed using Cronbach Alpha. The coefficient of 0.874 that emerged from the computation, is greater than the desired Apha of 0.70. This signals that the items were stable and internally consistent. In determining the sample for the actual study, the Yamane formula was adopted. The formula produced a sample size of 400 respondents based on SME population value of 18716 provided by the NBSSI branch of the Wa Municipality, eventhough 411 SME operators actually completed the questionnaire for the research. Ten enumerators were engaged in the questionnaire administration. Their hard work could explain the rise in the actual sample contacted.
The instrument first queried respondents to gather their demographic data, business profile and then their level of recognition of access to financing as a success factor using collateral demands, interest –free charges, start-up grants and tax reliefs as metrics. A 5-point likert scale was used in extracting the data as follows: Strongly disagree - 5, Agree - 4, Neutral - 3, Agree – 2, and Strongly agree – 1. Subsequently, their firms' ability to replace inventory on regular basis was last to be requested using binary data collection technique. In analyzing the data via Statistical Package for the Social Sciences (SPSS) software, both descriptive and inferential tools were utilized. With the descriptive approach, frequencies, percentages, mean values and standard deviations were used while the inferential statistics concentrated mainly on correlation and regression analysis.

Results and Discussions

The study evaluated the extent to which access to financing is key for the success of SMEs in the Wa Municipality of the Upper West Region of Ghana. The ability of SMEs to replace their inventory regularly and for the firm to survive for at least two years mean the firms' success. Among others, survival is one of the popular measures of firm success. This could be because a firm must first of all be alive to be able to achieve any other set goal. On the opposite side, replacement of stocks on regular basis, is a pristine measure that the literature did not cover. The combination of the two in this study then provided a good blend. Table 1 below manifests results for the replacement of inventory.

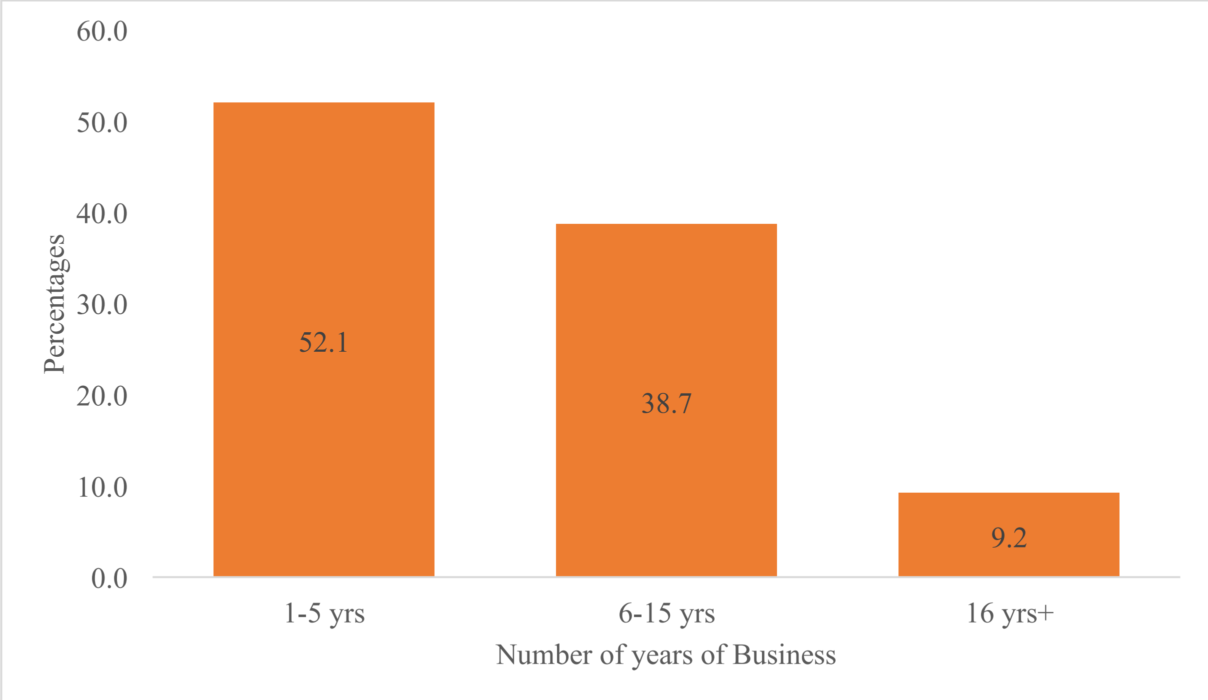
Table 1: SMEs' Success metric (replacement of inventory)

Key Metrics of SMEs Success Statements	Scale	N (%)	Mean (Std. Deviation)
Your Firm is able to replace its inventory regularly	No Yes	91 (22.1) 320 (77.9)	1.78 (0.416)
Your firm is able to increase the numbers and values of its inventory	No Yes	111 (27.0) 300 (73.0)	1.73 (0.445)
Your business is able to foot all its labour cost	No Yes	122 (29.7) 289 (70.3)	1.70 (0.457)
Your business is able to pay all statutory obligations	No Yes	120 (29.2) 291 (70.8)	1.71 (0.455)
Your firm is able to pay all other overheads as they fall due	No Yes	117 (28.5) 294 (71.5)	1.72 (0.452)
Weighted Average of SMEs Success		**411**	**2.27 (0.27)**

Source: Field Survey (2023)

The Table above shows that SMEs were successful with a composite (mean = 2.27, std. deviation = 0.27). In fact not less than 70% of the firms were able to replace their inventories regularly, expand the values and quantities of their stocks, contain all cost relating to labour engagement, settle all formal level commitments and all other overheads when they arise. The results therefore manifests stability of the firms at least for the past two years of their existence. Firm stability is confirmed as a strong factor of success (Meyer & Meyer, 2017).
With respect to the number of years in operation, figure 1 below showcase the results.

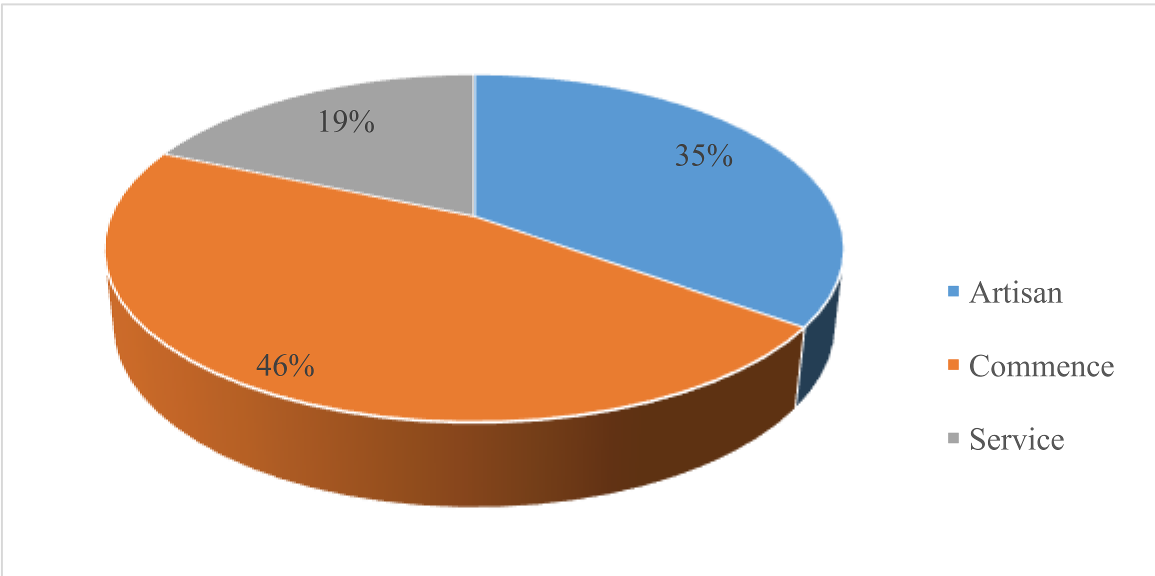
Figure 1: Years of existence of the SME



Source: Field Survey (2023)

The results as shown in Figure 1 reveal that 52.1% of the respondents were between 1 – 5 years of their existence. Nearly 39% were in their 6 – 15 years in operation while only 9.2% in their 16 years or more in their operation. The results show that SMEs have been successful. Despite this, they also suggest that many SMEs collapse after 5 years and even more before 16 years. In terms of SMEs' classification as per Figure 2 beloe, the study categorized firms as follows: artisanal, commercial and service SMEs in consonance with the categorization by the Business Advisory Centre of the Wa Municipal branch, NBSSI.

Figure 2: Classification of SMEs



Source: Field Survey (2023)

Figure 2 shows that majority (46%) of the firms were commercial SMEs. Service category followed with (36%) while artisan/craft made up of only 19% of the firms. Indeed the Wa Municipality is strategically located along a major trade corridor linking port towns in Ghana to that of other land-lock countries to the north of West Africa. This could elucidate the reason for the statistics found above.

Turning to the research objective as to what extent does access to financing contributes to the success of SMEs, access to financing is determined using the following metrics: collateral requirements, interest charges, start-up grants, and tax reliefs. The tables below present the results starting with collateral and its influence on SMEs' success.

Table 2: The extent to which collateral requirements determine SMEs' success

Statement	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean (Std. deviation)**
Financial Institutions demand collateral from SMEs before granting credit	40 (9.9)	82 (19.8)	39 (9.5)	167 (40.6)	83 (20.2)	3.51 (0.664)
Collateral demands hinder SMEs access to credit	22 (5.4)	45 (10.9)	46 (11.2)	199 (48.4)	99 (24.1)	3.61 (0.680)
Restricted bank lending due to collateral demands, hinder the success of your firm	22 (5.5)	46 (11.0)	48 (11.7)	197(47.9)	98 (23.9)	3.60 (0.689)
Your business access to credit gives surety for its survival	23 (5.7)	48 (1.6)	44 (10.7)	198 (48.0)	98 (24.0)	3.61 (0.673)
Limited access to credit due to collateral, stifles your initiatives	22 (5.4)	45 (10.9)	43 (10.5)	301 (48.8)	100 (24.4)	3.63 (0.666)
Collateral Demand Weighted Score N = 411 3.59 (0.48)						

Source: Field Survey (2023)

As portrayed in Table 2, the study discovered that 60.8% of respondents endorsed (mean = 3.51, standard deviation = 0.664) that financial organizations demand collateral from SMEs before giving them credit. Also, a total of 72.5% of the operators (mean = 3.61, standard deviation =
0.680) indicated that, financial institutions' request for collateral obstruct their firms' ability to secure funding which in turn hinders their success. Majority (48.0%) of them equally agreed with (24.0%) strongly agreeing that access to credit guarantees survival for SMEs (mean = 3.61, standard deviation = 0.673). More so, far over half of the respondents (mean = 3.63, standard deviation = 0.666) believe that their innovative capabilities are hindered due to their inability to access funding resulting from collateral requests. Compositely therefore, the Table demonstrate that collateral requirement is a vital determinant of success of SMEs (mean = 3.59, standard deviation = 0.48).

Concomitant with the wider literature, financial accessibility is regarded a significant requirement for SMEs' performance. However, funding accessibility is often hindered by collateral requirements (Kambwale, 2015). High collateral requests are demanded from SMEs because financial institutions consider them as risky businesses to lend to (Li et al., 2021). This implies that with the removal of collateral requests, SMEs funding could increase for their success.

The study then explored the extent that interest rates affected the success of SMEs as blow.

Table 3: Interest-free charges and SMEs' success explored

Statement	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean (Std. deviation)**
Interest-free loans offers a greater chance for the success of your firm	16 (3.7)	33 (7.6)	27 (6.6)	224 (54.4)	111 (27.1)	3.76 (0.547)
With interest-free loans, your business could borrow more to enhance its chances of success	15 (3.7)	31 (7.5)	29 (7.0)	224 (54.6)	112 (27.2)	3.76 (0.551)

With interest freeloans, your business could implement all initiatives for its success	16 (3.9)	33 (8.0)	31 (7.8)	220 (53.6)	110 (26.7)	3.74 (0.580)
With interest freeloans, your firm could be more competitive	16 (3.9)	33 (8.0)	28 (7.8)	223 (54.2)	111 (27.1)	3.76 (0.548)
Interest charges Weighted Score (0.416)	**N = 411**	**3.76**				

Source: Field Survey (2023)

The study reveals as in Table 3 that exorbitant interest charges by financial organizations overburden SMEs thereby seriously hampering their success (mean = 3.76, standard deviation = 0.416). Examining the table more intricately, it is found that over 80% of the respondents acknowledged that interest-free loans provide huge prospect for the success of their firms (mean = 3.76, standard deviation = 0.547). Also, not less than 80% of the respondents validated that with interest-free lending, their firms could implement all novel activities, could borrow more to enhance their chances of success and could be more competitive than without it. Generally, scholars have appreciated the significance of interest-free lending to improve performance of SMEs. Bushe, (2019) identified interest rate as a crucial economic factor having direct consequence on the success or otherwise of an SME. Also, (Liliane, 2018) suggested that for SMEs to go global, financial packages should be designed for them at affordable interest charges. In essence, majority of available literature supports the above findings of this study.
The next item examined by the study, is the impact of start-up grants on the success of SMEs.

Table 4: Presents results on the effect of start-up grants on the success of SMEs

Statement	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Mean (Std. deviation)**
Your business needs start-up grants for success	18 (4.3)	36 (8.8)	25 (6.1)	222 (53.6)	110 (26.7)	3.75 (0.558)
Many of your business ideas are stifled because there is no startup capital to initiate them	16 (3.8)	31 (7.6)	30 (7.3)	223 (53.9)	111 (27.1)	3.74 (0.583)
With start-up grants your business could have better chance to succeed than without these grants	18 (4.3)	36 (8.8)	34 (8.3)	216 (52.4)	107 (26.2)	3.70 (0.612)
With start-up grants your business operations could be enhanced	19 (4.6)	38 (9.3)	29 (7.1)	217 (52.8)	108 (26.3)	3.72 (0.586)
Start-up grants could offer your firm a competitive advantage over its rivals	17 (4.3)	36 (8.6)	30 (7.3)	219 (53.2)	109 (26.6)	3.73 (0.588)
Start-up grants Weighted Score (.426)	**N = 411**	**3.73**				

Source: Field Survey (2023)

The results as shown in Table 4 convey that SMEs require start-up grants for firm success (mean = 3.37, standard deviation = 0.426). A large portion 80.1% (mean = 3.74, standard deviation = 0.583) of the respondents concurred that their business ideas are stifled because there is no startup capital to initiate them. Moreover, with 52.4% agreed, and 26.2% strongly agreeing among the respondents (mean = 3.70, standard deviation = 0.612) majority thus accepted that SMEs with start-up grants would have a better opportunity of succeeding than those without them. Furthermore, nearly 80% of the operators approached settled that start-up grants could lead to business operational enhancement as well as competitive edge.
Relating to the above, it should be noted that (Iguna & Sazita, 2018) recognized seed capital as a crucial success factor of SMEs particularly start-ups. In like manner, (Nuwagaba, 2015) reported that 70% of small enterprises collapse as a result of weak financing during their two initial years of operation. Indeed, these studies not only reflect the prevailing insight in the literature, but also resonate with this study outcome on the relationship.

Advancing further, the study presents below in Table 5, findings on the influence of tax reliefs to the success of SMEs.

Table 5: The impact of tax reliefs on SMEs' success

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree	Mean (Std. deviation)
SMEs need tax holidays to succeed	24 (5.7)	47 (11.6)	29 (7.1)	208 (50.5)	103 (25.2)	3.69 (0.598)
Heavy taxes could weaken your firm access to finances	22 (5.2)	43 (10.6)	33 (8.0)	209 (50.8)	104 (25.4)	3.68 (0.687)
Your business operations will highly improve if SMEs are offered tax holidays	25 (6.1)	50 (12.1)	47 (11.4)	193 (46.9)	96 (23.4)	3.59 (0.687)
An SME that enjoys tax holidays has a higher chance of survival than others that do not	25 (6.1)	50 (12.1)	39 (9.5)	198 (48.2)	99 (24.1)	3.63 (0.652)
Tax burden on your business is weakening its ability to innovate and expand	22 (5.4)	45 (10.9)	39 (9.5)	203 (49.5)	102 (24.7)	3.65 (0.647)
Tax relief Weighted Score N = 411 3.65 (0.442)						

Source: Field Survey (2023)

The composite descriptive data as in Table 5 above showcased that tax reliefs constitute a prime factor dictating SMEs' superior performance (mean = 3.65, standard deviation = 0.442). In anatomizing this, 50.5% and 25.2% of the respondents agreed and strongly agreed respectively that for SMEs to succeed, tax exemptions are vital (mean = 3.69, standard deviation = 0.598). Additionally, most (75.7%) of respondents considered high taxes as debilitating SMEs' funding access (mean = 3.68, standard deviation = 0.687) even as financial accessibility is empirically proven to anchor firm success (Kariuki, 2018). Consistent with this, 72.3% of the total respondents supported that SMEs that enjoy tax freedom have a greater chance of sustenance than those without such exceptions, (mean = 3.63, standard deviation = 0.652). Moreover, majority (49.5%) of the respondents agreed and (24.7%) strongly agreed (mean = 3.65, standard deviation = 0.647) that tax load wanes SMEs' capability to expand and innovate. According to (Kandie, 2019), tax exonerations have strong positive correlation with SMEs success. The researcher argued that tax rebates offer SMEs the leverage to innovate and penetrate to markets abroad resulting in firm growth. In effect, this study finding confirms outcomes of these previous studies.
In determining the magnitude of the effect of access to financing to the success of SME, Pearson correlation and linear regression models were deployed at a 95% confidence margin. The results are presented in Table 6.

Table 6: The impact of access to financing on the success of SMEs

Access to financing	SMS Success (Correlation Model)	SMS Success (Regression Model)	Hypothesis Decision
Collateral demand	0.259** (0.000)	0.125*** (0.0434)	Fail to reject H_1
Interest-free charges	0.185** (0.000)	-0.0539 (0.0507)	Reject H_1
Start-ups grants	0.212** (0.000)	0.0369 (0.0485)	Reject H_1
Tax reliefs	0.223** (0.000)	0.0509 (0.0440)	Reject H_1
Constant	-	1.926*** (0.0763)	
Observations	411	411	
R-squared	-	0.074	
Prob > F	-	0.000	

Source: Field Survey (2023): P-values in parentheses in correlation model and Standard errors in parentheses in regression model: *** p<0.01, ** p<0.05, * p<0.1

Conclusion

Given the significant contribution of SMEs to national development, this study set out to establish the extent that access to financing impacts on the success of SMEs in the Wa Municipality of Ghana. Influencers of financial accessibility were; collateral demands, interest-free charges, startup grants, and tax reliefs. To achieve the study objective, The correlation analysis as depicted in Table 6 establishes that demand for collateral (R=0.259, pvalue=0.000), interest-free charges (R=0.185, p-value=0.000), startup grants (R=0.212, p-value

= 0.000), and tax reliefs (R = 0.223, p-value = 0.000) were factors that positively contribute to the success of SMEs in Wa Municipality. With regards to the regression model, the results reveal that access to financing is a crucial factor determining the success of SMEs in the Wa Municipality, with ($R2 = 0.074$, $Prob > F = 0.000$). It is further shown that collateral demand is a significant factor predicting the success of SMEs by 12.5% increases (p-value = 0.004). However, with ($p > 0.05$) for the other elements, this study concluded that these remaining factors of access to financing did not have significant impact on the success of SMEs.
an on-line structured questionnaire was administered on a sample of 411 SMEs managers through random sampling approach. Both descriptive and inferential statistical techniques were deployed in analyzing the data via SPSS software. To estimate and establish the critical determinants of SMEs' success, correlation and regression analysis were performed.
The results of the correlation model reveal that collateral demands, interest-free charges, startup grants, and tax reliefs have positive correlation with SMEs success. The regression model on the other hand shows that access to financing is a crucial factor predicting the success of SMEs with ($R2 = 0.074$, $Prob > F = 0.000$). Nevertheless, only collateral demand could predict success of SMEs' by 12.5% with (p-value = 0.004). The remaining factors did not portray any significant effect on SME's success ($p > 0.05$). It is therefore recommended that if SMEs are to succeed, financial institutions should at worst reduce interest charges on loans to SMEs, Government of
Ghana should consider setting up banks purposefully for SMEs' funding and also consider tax exonerations for SMEs. More importantly however, Ghana government should legislate to ensure that financial assistance to SMEs in the Municipality should be devoid of collateral requests. These measures will translate into improved financial accessibility for SMEs resulting in their successes for national development.

References

1. Fowowe B. Access to finance and firm performance: Evidence from African countries. Rev Dev Financ. 2017;7(1):6–17.
2. Gyimah P, Lussier RN. Small Business Success or Failure Prediction: A Comparative Study in Ghana and Israel. J Appl Bus Econ. 2019;21(3).
3. Hussain, S., Nguyen, V. C., Nguyen, Q. M., Nguyen, H. T., & Nguyen TT. Macroeconomic Factors, Working Capital Management, and Firm Performance - A Static and Dynamic Panel Analysis. Humanities and Social Sciences Communications. 2021;8:1–14.
4. Bakhtiari S, Breunig R, Magnani L, Zhang J. Financial Constraints and Small and Medium Enterprises: A Review. Econ Rec. 2020;96(315):506–23.
5. Shihadeh F, Naradda Gamage SK, Hannoon A. The causal relationship between SME sustainability and banks' risk. Econ Res Istraz [Internet]. 2019;32(1):2743–60.
6. Nyoni T, Bonga WG. Anatomy of the Small & Medium Enterprises (SMEs) Critical Success Factors (CSFs) in Zimbabwe: Introducing the 3E Model. Dyn Res Journals' J Bus Manag [Internet]. 2018;1(2):1–18.
7. Lampadarios, Evripidis, Niki Kyriakidou and GS. Towards a New Framework for SMEs Success: A Literature Review. 2017;18(December):194–232.
8. Alfoqahaa S. Critical Success Factors of Small and Medium-sized Enterprises in Palestine. J Res Mark Entrep. 2018;20(2):170–88.
9. Kwaku Amoah S. The Role of Small and Medium Enterprises (SMEs) to Employment in Ghana. Int J Bus Econ Res. 2018;7(5):151.
10. Douglas J, Douglas A, Muturi D, Ochieng J. An Exploratory Study of Critical Success Factors for SMEs in Kenya. 20th Excell Serv Int Conf. 2017;(September):1–12.
11. Adjei K, Denanyoh R. Micro Business Failure Among Women Entrepreneurs in Ghana: A Study of Sunyani and Techiman Municipalities of the Brong Ahafo Region. Int J Econ. 2016; 4(5):1050–61.
12. Pula JS, Berisha G. Defining Small and Medium Enterprises : A Critical Review. Acad J Business, Adm Law Soc Sci. 2015;1(1):16–28.
13. Kulah J. A Critical Study of the Challenges Faced by Small and Medium Enterprises' Master Craftsmen in the Welding and Fabrication Industry in the Wa Municipality. 2016;(June).
14. Mabhungu I, Van Der Poll B. A Review of Critical Success Factors Which Drives the Performance of Micro, Small and Medium Enterprises. Int J Bus Manag. 2017;12(6):151.
15. Albassami, Ahmad M, Hameed, Waseem U, Naveed RT, Moshfegyan M. Does Knowledge Management Expedite SMEs Performance through Organizational Innovation? An Empirical Evidence from Small and Medium-sized enterprises (SMEs). Pacific Bus Rev Int. 2019;12(1):11–22.
16. Priyadarshanie WAN. Impact of Managerial and Entrepreneurial Skills on the Success of Small and Medium Enterprises in North Western Province, Sri Lanka. In Travel and Tourism: Sustainability, Economics, and Management Issues. 2020. 161–170
17. Oyeku OM, Oduyoye O, Asikhia O, Kabuoh M, Elemo GN. On entrepreneurial success of small and medium enterprises (SMEs): A conceptual and theoretical framework. Journal of Economics and Sustainable Development. 2014;5(16):14–24.

18. Busaidi NS Al, Bhuiyan AB, Zulkifli N. The Critical Review on the Adoption of ICTs in the Small and Medium Enterprises (SMEs) in the Developing Countries. Int J Small Mediu Enterp. 2019;2(2):33–40.
19. Radzi KM, Nazri M, Nor M. The Impact of Internal Factors on Small Business Success: A Case of Small Enterprises Under the FELDA Scheme. Asian Acad Manag J. 2017;22(1):27–55.
20. Lampadarios E. Critical Success Factors (CSFs) for Small Medium Enterprises (SMEs): An Empirical Study in the UK Chemical Distribution Industry. Leeds Beckett University; 2015.
21. Iguna K, Sazita VN. The Value of the SMEs Sector to Economic Growth in Namibia : A Cross Sectional Analysis on Contributions , Challenges and Prospects. 2018;03(08):23–36.
22. Chowdhury M. Factors Affecting Access to Finance of Small and Medium Enterprises (SMEs) of Bangladesh. USV Ann Econ Public Adm. 2017;17(2(26)):55–68.
23. Waked B. Access to Finance by Saudi SMEs: Constraints and the Impact on their Performance. 2016;(May).
24. Karadag H. The Role and Challenges of Small and Medium-sized Enterprises (SMEs) in Emerging Economies: An Analysis from Turkey. Bus Manag Stud. 2015;1(2):179.
25. Altman, Edward I., Maurizio Esentato and GS. Assessing the Credit Worthiness of Italian SMEs and Mini-bond Issuers. Glob Financ J. 2020;43:100450.
26. Quartey P, Turkson E, Abor JY, Iddrisu AM. Financing the Growth of SMEs in Africa: What are the Contraints to SME Financing Within ECOWAS? Rev Dev Financ2017;7(1):18–28.
27. Nuwagaba A. Micro Financing of Small and Medium Enterprises (SMEs) In Zambia. Int J Bus Manag Invent ISSN [Internet]. 2015;4(8):48–56.
28. Prempeh KB. Problems of Financing SMEs in Ghana : A Case Study of the Sunyani Municipality. J Adv Res Bus Manag Account. 2015;(2456–3544):39–74.
29. Arthur M. The Constraint in Credit Accessibility among the SME in Ghana. A Case of Selected Businesses in the Kumasi Metropolis. 2015;(Pg 9639513).
30. Mensah HK. Challenges Faced By Small and Medium-Size Enterprises in Accessing Credit Facilities From Financial Institutions : an Empirical Assessment Incorporating the Perceptions of Both Borrowers and Financiers. International Journal of Economics, Commerce and Management. 2015;3(11):250–75.
31. Avevor EE. Challenges Faced By SMEs When Accessing Fund From Financial Institutions In Ghana. Univ Appl Sci. 2016;65.
32. Sunardi N, Husain T, Kadim A. Determinants of Debt Policy and Company's Performance. 2020;8(4):204–13.
33. Karedza G, Nyamazana M, Mpofu T, Makurumidze S. An Analysis of the Obstacles to the Success of SMEs in Chinhoyi. 2014;6(6):38–42.
34. World Bank Group. Improving Access to Finance for SMEs. World Bank Gr. 2018;(May):8.
35. Rupeika-Apoga, R., & Solovjova I. Access to finance for Latvian SMEs. 2017.
36. IMF. Financial 2020 Trends and Developments. 2020.
37. Singh N. Impact of Russia and Ukraine Civil War on Indian MSME Export Oriented Units (EOU)'s Financial Health. 2022;21(12):2455–65.
38. Uhuegbu I. Global Implications of 2022 Russia Invasion of Ukraine on International Community. Emerald International Journal of Scientific and Contemporary Studies. 2023;1–19.
39. Wang Y. What are the Biggest Obstacles to Growth of Smes in Developing Countries? – An Empirical Evidence from an Enterprise Survey. Borsa Istanbul Rev. 2016;16(3):167–76.
40. Nguyen, S., & Wolfe S. Determinants of Successful Access to Bank Loans by Vietnamese SMEs: New Evidence from the Red River Delta. J Internet Bank Commer. 2016;21(1).
41. Vasilescu L. Accessing Finance for Innovative EU SMEs Key Drivers and Challenges. J Econ Bus. 2014;12(2):35–47.
42. Kee DMH, Yusoff YM, Khin S. The Role of Support on Start-Up Success: A PLS-SEM Approach. Asian Acad Manag J. 2019;24:43–59.
43. Wang Y. Unleashing the Full Potential of SMEs: Beyond Financing. 2014;(June):1–3.
44. Onyango M. The Effect of Tax Incentives on Financial Performance of Five-Star Hotels in Nairobi County. 2015;(November).
45. Daniel T, Faustin G. Effect of Tax Incentives on the Growth of Small and Medium-Sized Enterprises (SMEs) in Rwanda: A Case Study of SMEs in Nyarugenge District. J Account Tax. 2019;11(5):89–98.
46. Kariuki LW. Factors Influencing Performance of Micro and Small Enterprises in Kenya; A Case of Kiambu County, Kenya. 2018;(November).
47. Meyer DF, Meyer N. Management of Small and Medium Enterprise (SME) Development: An Analysis of Stumbling Blocks In a Developing Region. Polish J Manag Stud. 2017;16(1):127–41.
48. Fauster A. The Impact of Micro-Finance on the Performance of Small-Scale Enterprises: A Comparison of Sinapi Aba Trust and Maata-N-Tudu Associations in Wa Municipality, Ghana. Ghana J Dev Stud. 2015;11(2):1.
49. Ghana Statiscal Service. District Analysis Report - Wa Municipality. 2014;
50. Kambwale JN. Investigation into the Causes of Small and Medium Enterprise Failures in Windhoek, Namibia. 2015;4(7):80–109.

51. Li Z, Anaba OA, Ma Z, Li M. Ghanaian SMEs Amidst the COVID-19 Pandemic : Evaluating the Influence of Entrepreneurial Orientation. 2021;1–27.
52. Bushe B. The Causes and Impact of Business Failure Among Small to Micro and Medium Enterprises in South Africa. Africa's Public Service Delivery and Performance Review. 2019;7(1):1–26.
53. Liliane P. Internationalization of Small and Medium Enterprises from Arusha Tanzania: Market Information, Financial. Bus Manag Stud. 2018;4(2):77.
54. Kandie R. Tax Incentives and Growth of Small and Medium Size Enterprises in Nairobi County. 2019.