

ASHESI UNIVERSITY COLLEGE

**CHALLENGES FACED BY FEMALE ENTREPRENEURS WITHIN
SMALL AND MEDIUM-SCALE ENTERPRISES (SMEs): A STUDY
OF THE SALOON BUSINESS IN GHANA**

(THESIS)

ISATOU CHAM

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OF THE SALOON BUSINESS IN GHANA**

By

ISATOU CHAM

Dissertation submitted to the Department of Business
Administration

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In partial fulfilment of Bachelor of Science degree in Business
Administration

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DECLARATION

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

Candidate's Signature:

Candidate's Name:

Date:

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

Supervisor's Signature:

Supervisor's Name:

Date:

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ABSTRACT

This study is to find out the challenges faced by female entrepreneurs within Accra, Ghana. Females have been identified as individuals that encounter more obstacles in starting and growing their businesses as compared to their male counterparts especially within informal small and medium scale enterprises (SMEs) where they are pre-dominantly employed. Thus, female entrepreneurs in Danquah Circle were participants of the study in that women who owned and managed businesses in the saloon industry were interviewed to further find out the constraints they encounter in starting and growing their business.

Data was gathered for this research using secondary and primary data. Secondary data involved the works of scholars and practitioners on the subject under study. Resources such as the Internet, journals and newspaper articles were sources used to collect data. On the other hand, secondary data was used to collate the data from the outlined semi-structured interview questions. Due the primary data, the above findings were gathered to evaluate and analyze the situation of the entrepreneurs in the hair and beauty industry.

Recommendations and conclusion were made based on the findings. Recommendations included banks to have a specific loan portfolio for women entrepreneurs in SMEs.

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CHAPTER 1

INTRODUCTION AND BACKGROUND OF STUDY

1.0 INTRODUCTION

There have been profound structural changes taking place in the world within the social, economical and political spectrum. These changes are still continuing especially within the education system; the education system is encountering change in that parents are advised to enrol their children particularly the girls to school. Traditionally, girls were not enrolled as parents regarded it as a waste of resources because when married, girls will transfer the acquired knowledge to her husband's home as compared to the boys who will maintain their knowledge within the family (Amu, 2004).

However, governments such as Ghana are now promoting girl or female education by providing scholarships as well as free tuition; encouraging parents to educate their children. This improvement has increased the number of girls attending school at the primary level from 46.9 percent between the years of 1999 and 2000 to 76 percent in 2008 (UNESCO Institute for Statistics, 2008). Likewise in business, changes occur constantly as organisations and individuals become more innovative with their ideas converting them into products and services that satisfy the needs and wants of the entire society.

Similarly, the roles of women are experiencing these changes especially within the African region because females or women are becoming more independent in that they are now educated, occupy executive positions and are involved in entrepreneurial activities. That is, they own and operate

their own businesses or organisations to enhance and aid in their survival, provide for themselves and families and contribute in the development and growth of their economies. In 2002, Ghana Statistical Survey reported that 85 percent of women are in the private labour force compared to their male colleagues who make up 75 percent (Dzisi, 2008). Additionally, Jalbert (1999c) found that about 70 percent of micro, small and medium enterprises are owned and operated by females.

Though women's roles and participation in economic activities has traditionally and culturally being defined and restricted; women's roles in the Ghanaian economy and society has not been constrained to the home. Instead, it has traversed to all sectors of the economy with its impact mostly felt in the agricultural and service sectors (Amu, 2004).The participation of women in the labour force has contributed to the household income and the education and health of their wards. Alas, due to the disparities between women and men in the labour force, women face challenges to attain economic resources to develop and grow their businesses. This reduces the pace in which women improve their businesses because they lack access to credit, land and information.

This research paper focuses on female entrepreneurs in Accra, Ghana and commences with the background of study as well as the objectives and concludes with the organisation of the study.

1.1 BACKGROUND OF STUDY

The past two decades of the 20th century has encountered an

enormous increase in entrepreneurial activities (Dzisi, 2008). The increase is due to the rapid changes occurring globally, hence providing entrepreneurial opportunities for both males and females (Dzisi, 2008). This thesis focuses on the challenges faced by female entrepreneurs in Accra, Ghana.

“Women have been starting businesses at a rate more than twice that of men globally” (GEM, 2003). This statement illustrates that there are more women-owned businesses in the world as compared to men-owned businesses. The Organisation of Economic Cooperation and Development (OECD) established that, between 15 to 35 percent of businesses are mostly owned by women in developed countries. Some of these countries include America, Luxemburg and the United Kingdom with respectively 28, 27 and 16 percent of women involved in entrepreneurial activities. Likewise, a rapid increase in women entrepreneurs in developing countries in Africa, Latin America and Asia were examined by the OECD in 2004.

For instance, in Sub Saharan Africa 80 percent of the food is produced or marketed by women giving them a well-developed knowledge of the local markets and customers (Coughlin, 2002). These individuals are entrepreneurs who are active in all levels of the economic sector locally and globally. However, women are marginalised by a patriarchal culture that assigns them the “God-given” domestic role of wife and mother (Jalbert, 2000). They are responsible for child bearing and rearing, and the wellbeing and welfare of both their children and husbands. Women have been bond by traditional norms, beliefs, and values in which they are given secondary status within their communities as compared to men.

Ghana is no exception as women are not given the same opportunities as men (De Groot, 2001). Women are governed by rules imposed on them by a culture dominated by men. They do not enjoy the same opportunities as men within the social, academic and economic realms of the country. Women are constrained in these areas due to the deep-rooted discriminatory socio-cultural values and traditions in the society (Roomi and Parrott, 2008). They are expected to be humble, modest, and subservient rather than be assertive and powerful like their male counterparts. Perhaps this is most evident in parts of Ghana such as the northern regions of the country as they are governed by traditional Muslim rules. Women living in northern Ghana are expected to be particularly submissive because of the broad influence of Islamic ideology that assigns women a strictly domestic and subservient role, leaving men to undertake the "tough" roles and positions of power.

Further, the constraints on female entrepreneurs spanned across economic domains regarding access to information and credit. Women are mostly within small and medium scale enterprises (SMEs) in the informal sectors and financial institutions give out loans or their services to medium and large scale enterprises within the formal sector of the economy. Such financing is detrimental to female entrepreneurs because they are mostly found in informal SMEs. Access to credit is a necessity for the survival and growth of the business and to sustain business activities to afloat. Additionally, the demand for collaterals and obtaining credit from these financial institutions such as banks are very bureaucratic which influences women to resort to raising capital from their personal savings, family and/or

friends. Due to such restrictions, female entrepreneurs are reluctant to approach banks making it difficult for them to create and develop a viable business plan (Roomi and Parrott, 2008).

The expected role of women living in Ghana, however, is beginning to change. Socially, economically, and politically women are growing more independent. Much of the change can be attributed to the fact that women are increasingly familiar with new concepts associated with modernisation as Ghana undergoes political, social and economic reforms. Though Ghana was a socialist nation under the rule of Dr. Kwame Nkrumah, it has transformed into a more democratic society. There is social equity, and individuals, including women, are at liberty to prosper. With increasing access to education and more equitable treatment in the workplace, women have grown measurably more independent (Dzisi, 2008). In present-day Ghana, many women work outside the home, and others both manage and own businesses. Increasing flexibility within a male-dominated society coupled with economic necessity has allowed women to run and operate more local businesses, including salons, restaurants, and clothing shops (Dovi, 2006).

Furthermore, recent change in the African economy and society has created economic opportunities for women who want to own and operate businesses. The number of women-owned businesses has increased in both Asia and Africa. Among African countries, Ghana has shown a particularly marked increase in which 85 percent of the women are self-employed and are in the private sector of the Ghanaian economy (Jalbert, 2000). Though there are an increasing number of female entrepreneurs, females face many

challenges that affect the survival and growth of their businesses.

This research makes a contribution to existing literature and Ghana's development as it seeks to determine and document issues encountered by women entrepreneurs in Ghana and suggests policies and strategies that might be implemented by the Ghanaian government to illustrate the gravity of the problem. It also provides suggestions to Women's Associations in to providing better services to women. The paper focuses on Accra the capital and investigates the challenges faced by female entrepreneurs in Accra due to the inaccessibility to finance and capital, the lack of relevant skills, and equal access to education. Figure 1 summarises the challenges faced by female entrepreneurs in Accra, Ghana.

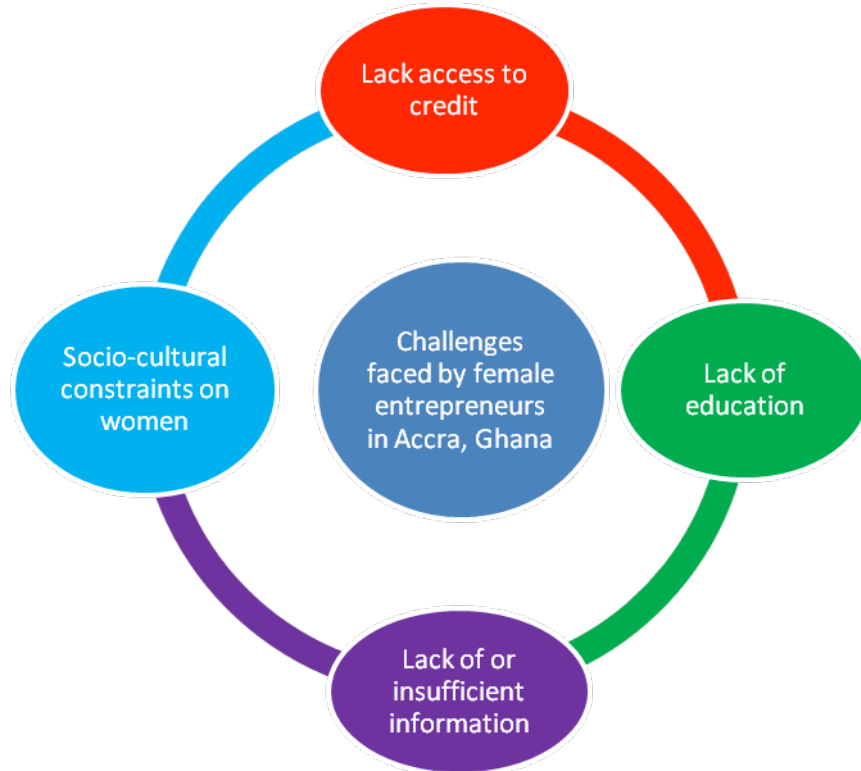


Figure 1. Diagram of the challenges faced by female entrepreneurs

1.2 STATEMENT OF THE PROBLEM

Research undertaken by Jalbert (2000) and Roomi and Parrott (2008) have indicated that most women have historically been and continue to be discriminated against in Pakistan. Likewise, the women in Ghana experience such obstacles influencing them to become socially and financially independent by working or opening their own businesses for their benefit and wellbeing. However, without real prospects for financial independence, they cannot free themselves from these situations. For those who do manage to establish independent businesses in Ghana, 80% remain at the micro level because of the inability to expand due to the lack of “properly coordinated support, cheap and long-term credit and insufficient access to new technologies” (Dovi, 2006). Female entrepreneurs are important to the Ghanaian economy, and represent an incredible amount of untapped potential that could benefit the country as a whole. Currently, the potential is hidden in informal sectors such as local, small-scale farming, restaurant and beauty businesses, light manufacturing such as textiles and garments and arts and crafts. A major factor that contributes to the informal nature of most women’s businesses in Ghana is the lack of access to capital with which to start an enterprise (Dovi, 2006).

This research examines the obstacles faced by females in starting or continuing their business ventures because they do not have access to credit, have insufficient capital and little experience as they are in the informal sector.

1.3 OBJECTIVES OF STUDY

The objective of the study is to gain an in-depth knowledge to the challenges faced by female entrepreneurs in Accra with focus on access to loans, availability of resources and aid from support systems like women associations. This study will therefore try to:

- Determine the situation in obtaining credit and if it is still difficult for women to obtain credit.
- Determine if information such as training programs are provided to the women and whether they are receiving support from the government and support systems such as women organisations.
- Suggest recommendations that could be used by female entrepreneurs for their benefits and private and government institutions regarding women in the society.

1.4 DESCRIPTION OF STUDY

In gathering data for this research paper, data will be collected from two sources namely primary and secondary sources. Primary source of data will be carried out through unstructured interview with female entrepreneurs and women's associations. Hence, a prepared questionnaire item will be processed by the researcher. The use of interviews as a primary use gives fast and reliable feedback and explanations can be provided to the interviewee if the questions are unclear.

Secondary source of data collection will be information gathered from the Ashesi library, news paper publications and internet. Secondary data will be used because they are available and inexpensive to obtain.

Both these sources will be used as a means to get information to analyze and evaluate the research question. For instance, the secondary data will be used for the literature review while the primary data will be utilized to analyze the information.

1.5 SIGNIFICANCE OF STUDY

This study will clarify the issues that act as challenges towards female entrepreneurs in Ghana. It focuses on how the inaccessibility to credit doubles up as a major contributing factor towards entrepreneurs especially females. Additionally, it provides information that can assist the Ghanaian government and financial institutions to map out strategies for the betterment of female entrepreneurs within Accra; as well as a secondary data regarding female entrepreneurs in Accra.

1.6 ORGANISATION OF STUDY

The research paper is organised in five chapters. This includes:

Chapter 1 Background of study – the background of study is an introduction of the entire study. This includes the statement of the problem, objectives of study, significance of study and methodology

Chapter 2 Literature Review – includes literature by other scholars on the issues regarding female entrepreneurs within and outside Ghana; but more

specifically on Ghana.

Chapter 3 Methodology – the methodology gives us a detail account on the instruments used to gather information.

Chapter 4 Data Analysis – it is an in-depth analysis of the findings collected from interviews and observations. This will be represented through the use of pictorial diagrams.

Chapter 5 Conclusion and recommendation – conclusions and recommendations will be obtained at the end of the study.

CHAPTER 2

LITERATURE REVIEW

2.0 INTRODUCTION

This chapter reviews and elaborates on the ideas used to undertake this study by scholars and practitioners from their academic works, articles and journals written to explain the theories concerning the obstacles experienced by female entrepreneurs in Accra, Ghana.

2.1 OPERATIONALISATION

The terms used in the literature are clearly defined below. These definitions are used because the terms are frequently referred to in the study and having these definitions provides the reader easy understanding of the study.

Microcredit – Microcredit is a financial facility whereby loans are given to small and medium entrepreneurs by private banks or other institutions such as “susu” as it is locally known in Ghana; it is offered to groups or individuals without collateral. It is directed towards the poor by providing them access to financial services that were formal and secure. It helps solved the problems of earlier kinds of lending such as insisting on repayment, charging interest rates that could cover the costs of delivering credit, and by focusing on clients whose alternative source of credit was informal and insecure (ACCION International, 2007).

Micro-credit is considered to be the most effective and flexible strategies in fighting against global poverty. Micro-credit emerged in the 1970s for poor households and those who could not bank could be “dependable bank clients” (Cull et al., 2009). It was also introduced in Bangladesh in 1976 by Muhammad Yunus who assisted the poor as he believed that they were taken advantage of by banks and individuals giving them loans. Micro-credit is significant in poverty reduction, increases employment and generates income as experienced by the women of Jamestown, a town in Accra (Maniscalco, 1998). Micro-credit or “susu” is sustainable and can be implemented on a “massive scale necessary to respond to the urgent needs of the world’s poorest” (Sapovadia, 2006). Micro-credit services are means of eradicating some of the challenges in finance faced by women entrepreneurs.

Informal and formal Sector – The informal sector of the industry comprises of individuals who are semi-skilled and/or are mainly involved in the service sector. However, few are also involved in the manufacturing and construction sectors. The service informal sectors include food traders, sellers in the market, and caterers. They are predominately with low education, though in Accra they attained secondary educational or vocational skills. Formal sector involves skilled and highly literate individuals working in the service sectors such as banks, consultancy and hospitals (The Statesman Newspaper, 2007).

Women's association – It involves a group of people that have a common interest in women's development within a society. For example, some of the women's organisations in Ghana are African Women's Development Fund (AFWD), Ghana Association of Women Entrepreneurs (GAWE) and Global Mamas to mention a few. These are Non-Government Organisations that support women within the country, sub-region and region. The AFWD is a fund-raising and grant-creating programme whose objective is to support African women by communicating the works and achievements of these women (AFWD, 2011). Likewise, GAWE and Global Mamas share similar objectives in that, they support women by strengthening their "entrepreneurial abilities and provide sustainable livelihoods for the girls and women in Africa" (Global Mamas, 2010).

2.2 DEFINING AN ENTREPRENEUR and ENTREPRENEURSHIP

The theory "entrepreneurship" has been widely used in commerce, academia and in daily conversation of ordinary people. Defining the term "entrepreneurship" is challenging as its meaning varies according to scholars and practitioners, thus there is a lack of an agreed definition of the theory (Gartner, 1990). The term entrepreneur originated from the French word "entreprendre" signifying "to undertake" in old French; and was first used in 1852 (Porfeli, 2009). The definitions of entrepreneurship and entrepreneur in literature are very diverse and vary as they include human attempts to commerce a new product or service (Jennings, 1994). As Jalbert (2000) agrees with the above statement and explains; entrepreneurship exists from

a person's "creative spirit into long-term business owner, job creation and economic security" (Jalbert, 2000).

Additionally, Schumpeter (1934) and Hisrich *et al* (2008) describes entrepreneurs as innovators. That is, a person who introduces a unique idea or something new within the economy. Such innovations may be the creation of new products, a process of production and the organisation of the industry (Dzisi, 2008). Being an innovator can be difficult at times as it does not only involve the ability to develop and conceptualise an idea, but also the capability to understand the forces at work within the environment the person is working in. Other interpretations of entrepreneur is that, they "add value" by acquiring and utilizing available resources to generate products and services satisfying customers and marketers (Butler, 2003). In so doing, they are risk-takers as Richard Cantillon (1755) stressed that they are *arbitrageurs who conduct all exchanges and bears the risk as a result from buying at certain prices and selling at uncertain prices* (Cantillon, 1755). The phrase illustrates that entrepreneurs can buy their products at certain prices but when selling, they sell at ambiguous prices as it changes due to the request of the consumer whose needs and wants are being satisfied.

More so, entrepreneur involves individuals who operate their own ventures by innovating and creating their own products and means of productions and accepting the risk involved. The process of creating such new ideas, taking and accepting the risks involved is referred to as entrepreneurship (Hisrich *et al*, 2008). Individuals that are or become entrepreneurs are both male and females. Though, this research

concentrates on female entrepreneurs. The word "female" is an adjective describing an individual who is a woman or girl as both are nouns; though the words female and woman are used alternatively similar with the words man and male which are used interchangeably.

2.3 ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

Economic development is the process of change in which the real per capita income increases over a time period (Nafziger, 2006). The role of entrepreneurship in economic development involves more than increasing the per capita output and income within an economy but it initiates and constitutes reform in the structure of business and society (Hisrich *et al*, 2008). Entrepreneurship has become important as entrepreneurs use available resources such as land, labour and capital for the development of new products and services within the economy. Nevertheless, they may vary from economy to economy because some are in more favourable conditions than others especially those in developing countries. Entrepreneurship aids in the development process of the economies such as that of Ghana because:

- It generates employment especially for the less educated and graduates. Employment generation for citizens can be direct and indirect because some are either self-employed or employed by public or private individuals.
- The national income is influenced as the goods and services manufactured will be domestically consumed and may sometimes

meet international requirements, hence being exported. This influences entrepreneurial activities as it increases the demand for locally produced goods due to the increase in consumption. Additionally, the standard of living of people increases because of the increment in income.

- It creates innovation as new ideas are introduced and are combined with new factors of production in order to generate new products and services in that economy.

The above points indicate the benefits gained from entrepreneurship within an economy and are formally recognised by that economy. However, I disagree with two of the above points that are; it increases national income and creates innovation. For instance, in Ghana most entrepreneurial businesses are informal and are small and medium scale enterprises that are not supported by the government or support systems, thus it does not influence the economic development and growth of the country as its activities are not recorded as part of the per capita output and income of the economy. Though, women benefit from having their own businesses as their income increase, attain self- satisfaction and fulfilment.

2.4 LITERATURE ON FEMALE ENTREPRENEURS

Public perception and history would propose that entrepreneurship is naturally the field of businessmen. As in most countries, a significant amount

of businesses are owned by men (Dzisi, 2008). Indeed, women are still the minority in the business world, have exhibited entrepreneurial potential and are an important resource in economic growth. In agreement to the above statement, women entrepreneurs can influence positive economic growth because employment will be created, standard of living improved as income increases. Though in Ghana, most women are within the private informal sector of the economy and do not partake in economic development and growth since they are not supported by the government and/or support systems (Drine & Grach, 2010).

The role of women in societies has triggered a lot of controversy as well as their participation in economic activities. Such argument is that, the role of women is restricted in the home and children and should play a subordinate role in the economy and in public affairs; while the other argument is against the mentioned point (Amu, 2004). I agree with the later as women tend to influence economic growth especially in the 21st century. Besides, Leavitt (1971) agrees with the latter pointing that the most significant role of a woman is her ability to participate in economic life and control over the property and products she creates (Amu, 2004).

Women have always been in business mainly in the agricultural and service sector of the economy with few in the manufacturing. Examples would be women who established private food stores or restaurants, beauty spots and private schools mainly "crèche" as in the case of Vicky's Kids in Labone, Accra. These examples illustrate the women entrepreneurs utilizing *"problem-solving strategies to manage transpiring issue, deal with multiple*

activities, form team, organise resources and develop organisations” (Dzisi, 2008).

Currently, women entrepreneurs are on the rise and have increased over the past decades due to structural change. The upsurge of women entrepreneurs is part of the societal, political and economic change occurring around the globe as more are in the workforce, in businesses and commencing businesses (Fielden & Davidson, 2005). Moreover, more women are having later marriages because they are becoming more independent socially and financially because of the acquired education in modern Accra, Ghana. Increase in education was reflected in the results of the 2000 census which was supported by the Ghana Living Standard Survey Four (GLSS4).

The report demonstrated the change in number of adults who attended school in urban areas in which about 87.8 percent of adults were males while 74 percent were females. Though, this has change significantly as the recent statistics in the GLSS5 report shows a significant increase in school attendance by females in urban area to 93.4 percent as represented in Table 1. The percent of adult attending school rose to 19.4 percent from the year 2000 to 2008.

Age Group	Accra		Other Urban Area		Ghana		All
	Male	Female	Male	Female	Male	Female	
6 - 11 years	95.2	98.8	95.5	96.1	86.1	86.2	86.1
12 - 15 years	98.4	97.6	97.7	93.4	90.4	88.5	89.5
16 - 18 years	99.3	94.3	96.3	93.4	87.6	87.3	87.5
19 - 25 years	96.7	92.4	94.4	88.6	87.8	77.3	82.2
Total	97	95.5	95.8	92.8	87.8	84.5	86.1

Table 1. School attendance rate, by age, locality and gender (percent)

Moreover, more women are independent and educated as they have late marriages as they aspire for financial independence to the growth of their businesses (Fielden & Davidson, 2005). In general, women entrepreneur is the creation by entrepreneurial women of new ventures in which they recognise an opportunity and started, developed and grow a business successfully by accepting the risk involved (Dzisi, 2008). Such creativity provides employment; and improves the standard of living as income increases.

2.5 CHALLENGES FACED BY FEMALE ENTREPRENEURS

Women entrepreneurs influence the economic growth of a country by providing jobs, increase income and the standard of living through the innovation, development and production of products that satisfy the needs of the population and in so doing; it provides them self-satisfaction, flexibility and independence. Nonetheless, these women are face with some obstacles before reaching their goals such as their financial and psychological independence. Female entrepreneurs differ from their male counterparts as

they encounter more problems as indicated by Jalbert (2000) and Saffu and Manu (2004). Research illustrates that men face less challenges than women especially with finance, education and management skills. Firms owned and managed by men had more sophisticated planning compared to females and they survive and grow from medium to large scale enterprises because they are literate and have access to credit and credit facilities since the societal norms are more in tune with them (Dovi, 2006).

2.5.1 Social-cultural constraints

Female entrepreneurs face some challenges in that socio-cultural situation in certain societies impedes the development and growth of female's owning or operating a business. Most females find it difficult to start and operate their business because they deal with their traditionally ascribed roles; mainly being at home. Ghana being a democratic country that exercises the free market economy has lingering patriarchy in its system especially where women are of concern (Amu, 2004). Having lingering patriarchy is sometimes detrimental to women's economic and social position; in that their economic and social prosperity are lower than men and/or is nonexistent at all (Parish & Willis, 1993). This provides men the opportunity to capture newer high-paying jobs and open their own businesses with little or no obstacles.

Contrastingly, women and women entrepreneurs are confronted with challenges in starting and developing their businesses because they are expected to be dependent on family members and husbands as they are to

remain at home. Women are perceived to be home carers but not perform in the growth of the economy, reducing their self-esteem as they are made to believe that they are inferior to men and can therefore not stand up for themselves (Amu, 2004). Due to these ideologies on women, they have difficulties in starting, developing and growing their own businesses as they lack the motivation from the men to do so.

2.5.2 Lack access to credit

Access to financial resources such as cash and assets of the business is a critical success factor of a business (Bygrave, 1992). Obtaining financial resources such as loans or credit is one of the major problems that female entrepreneurs in Ghana combat with. Financial resources that are injected into the business are attainable from sources like personal savings, family members, venture capital funds, government programs and banks. Though, it is most time difficult to attain because they have different complications for the business and the owner (Dzisi, 2008). Particularly, women entrepreneurs in Ghana lack access to finance from banks and other formal institutions due to gender-related issues as reported by the Daily Graphic (2003).

Further, they are disadvantaged in acquiring finances since women have less experience and equity than men in the business; they are discriminated against by lenders on the basis of gender, nature and/or size of the business. With banks for instance, they often provide services to large and medium-sized companies to the disadvantage of small scale enterprises which comprises mainly of women. Women-owned businesses are generally

small preventing banks to provide them financial resources since small scale enterprises are regarded to be riskier than large scale enterprises to invest in (Verheul & Thurik, 2000). In relation to the inaccessibility of finance, women face high interest rates and huge collaterals which are needed for the acquisition and repayment of the loans (Amu, 2004).

For example, banks in Ghana insist on land property as collaterals making it hard for women since the control and ownership of land is often with the male members of the family (Bokei-Doku Areetey, 2000). The inaccessibility of land becomes complicated for women to open and operate their own enterprise as they only use land for agricultural purposes (Bokei-Doku Areetey, 2000). Moreover, women in Ghana do not have land as compared to the males due to customary laws; that are developed traditionally by the members of the society. The land tenure system and its administration is intertwined in a complicated web of family and tribe holdings where land is held in trust by the leaders of the family or tribe who most often are men (Amu, 2004). Women entrepreneurs in Ghana are faced with these problems because men are seen as the natural leaders (Duncan, 2004). Though in Ghana, there are Constitutional provisions protecting the right of women as well as other groups of society with regards to land in Article 35 (1) (Amu, 2004).

Besides, women entrepreneurs in Ghana continue to have limitations regarding finance due to high interest rates. Interest rates are high as it is an instrument used to curb inflation rates in the country. Women are very risk averse and will not take loans that have 30 percent interest on them (Dovi,

2006). Interest rates continue to rise in Ghana and as reported on the GhanaWeb (2010), the country has one of the highest interest rates in the continent and the second highest in World following after Brazil (Ofosu-Appiah, 2010). For example, banks such as Standard Chartered Bank were charging an interest of 29.5 percent on loans in the year 2010. Having such high interest rates on loans drives away entrepreneurs especially the females since they are not high risk-takers.

2.5.3 Lack of education and information

Women and men in Ghana play equal roles in the economic production of the country; women compared to males experience greater poverty, lower literacy rates especially at tertiary levels thus have less or limited knowledge on financial literacy for book keeping (Roomi and Parrott, 2008). This is because gender has been identified in research as the major role in creating barriers; and due to limited education and financial skills, women tend not to have control over their income as they allow other members of the family or skilled individuals to record their finances (Dovi, 2006).

Over the years, girls were not educated because they were believe to be a “waste of” resources since they will be married off. Nevertheless, attitudes towards the girl-child education are positive as more parents are educating female members as they believe that they deserve the same opportunities as the males. The literacy rate for the female members of the society has increased in the last eight years because they are now enrolled in schools. This has increase the literacy rate of adult females for age 15 and

above from 46 percent in 2000 to 59.6 percent in 2008 within the urban areas (GSS, 2008). In Table 2, it illustrates the changes in female literacy in Accra and other urban areas.

Gender	LOCALITY		
	Accra	Other Urban Area	All
Male	88.3	75.1	79.7
Female	73.7	53	59.6
Total	80.8	63.2	69

Table 2. Adult literacy rates by gender and locality (percent)

Educational level of females in Accra has increased though; females still have high illiteracy rates compared to their male counterparts which remain significantly low. For instance, 6 in every 10 men are literate while 4 in every 10 women are literate (GSS, 2008). Due to such educational barriers, female entrepreneurs concentrate less in skill and knowledge based industry which puts them in the informal private sector employment and self-employment in the informal sector (GSS, 2008). Ghana has sufficient human capital especially with women and it requires harnessing; in which governments and parents invest in the form of education.

Low educational level impedes the growth of the business owned by women because less information is available regarding facilities that may benefit the business and themselves. More so, in order for women entrepreneurs to succeed economically, one needs to position herself to benefit or take advantage of the information available on new technology, existing and new markets opportunities so as to move ahead in business

(Amu, 2004). Although some women may have access to certain business sensitive information, most women in Ghana are limited to most of the available information.

2.5.4 Other constraints

Furthermore, these entrepreneurs are unable to expand because they lack coordinated support, cheap and long-term credit and sufficient access to new technologies as well; have poor infrastructure, low capacity and sometimes obstructive government policies (Dovi, 2006). Reasons such as these makes about 80 per cent of women-owned businesses in Ghana trapped at the "micro" level. Though they experience these issues, women become entrepreneurs to be liberated. Jalbert (2000) who focused on women entrepreneurs in the global economy observed that cultural and social traditions play an important role in determining who within the society becomes an entrepreneur.

Women entrepreneurs in Ghana are very common but are predominantly in the informal sector because they lack technological skills, internal and external support; as well as absence of self-sustaining governmental intervention (De Groot, 2001). Besides, they often lack managerial skills and support systems, have less education, and have a lower financial literacy rates (De Geus, 2010). This affects the performance of female entrepreneurs limiting them to the informal sector. The informal sector includes the service and manufacturing sector such as having local

restaurants, salons, bakery, dress making, manufacturing of beads and local fabrics.

Moreover, women start businesses to avoid and eliminate gender, societal and generic imbalances because they become more independent, "achieve job satisfaction, attain personal accomplishment and become economically self-sufficient" (Jalbert, 2000). Being an entrepreneur enables individuals be it a male or female economic security.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 RESEARCH METHODS

As specified in Chapter 1, the research objective is to investigate the challenges encountered by female entrepreneurs in Danquah Circle, Ghana as well as the situation in obtaining credit, resources and aid from support systems such as women business organisations. This chapter covers the methods and procedures that were used to gather information for the study.

3.1 RESEARCH DESIGN

Historical and field research design methods were employed to analyze the challenges encountered by female entrepreneurs in Accra, Ghana. Historical research design was employed because using past data enabled the researcher to acquire more knowledge on the subject matter and it prevented the researcher to encounter errors made in the past. Most importantly, field research was used because the data collected was recent and it assisted the researcher to form a relation with the informant. Historical research design was used to collect, attest and combine evidence establishing facts that defend the topic. The design utilises qualitative data through the use of primary and secondary sources such as official records and reports; while field research design was also used for direct observation and interviews.

3.2 POPULATION

The population of the study consisted of the female entrepreneurs within Danquah Circle, Accra who own saloons and employ at least five other females for the services provided as well as the day-to-day activities of the place. Danquah Circle was selected for this research because it was located near Oxford Street, Osu which is the business district within Accra. This population was selected due to its general population and has various businesses such as restaurants, banks, telecommunication centres and saloons.

Women who own saloons were selected for the study because they own and run the business as compared to other service provider within the area. These women were chosen as most of them have a professional rapport with the students from Ashesi University College, the tertiary institution the researcher attends. There are retail stores but are mostly own by men but run by women and this defeat the purpose of the study. Danquah Circle was used in this research because studying the entire population was unfeasible as it would be time consuming and quite costly to investigate the factors forming the population. The nearness of the saloons also acted as an advantage for the researcher because it was within the premises of the university and hostel, hence reducing research cost. Further, a reasonable sample was chosen to suit the study due to time limitation.

3.3 SAMPLING METHOD

A purposive sampling method was selected because of the knowledge and expertise of the respondents making them suitable for the study (Sarantakos, 2005). This method of sampling allows the researcher to select subjects who are relevant to the research. This method is preferred because collecting data from all subjects that comprise the total population is complex. With purposive sampling method, collecting data is not complicated because it eliminates the respondents who do not meet the requirements or are not relevant to the study. The method is less time consuming and requires less research costs. However, using purposive sampling has its drawbacks. For instance, the method is subjective which makes the researcher to choose being objective or convenient. Additionally, purposive sampling creates bias because the researcher is at liberty to select certain individuals within the quotas (Sarantakos, 2005).

For this research, a sample size of ten was chosen mainly within the service sector. These included women in hairdressing business and owners of the business. The criterion for these women to be part of the study was that, they owned and managed their own saloons employing a maximum of four people mainly females working for them. Likewise, the saloon was setup by an entrepreneur and operated in the Greater Accra area.

3.4 RESEARCH INSTRUMENTS

In the research, a semi-structured interview was undertaken in which it involved a set of sixteen questions ensuring that the respondents are

consistent throughout the study. Such an approach provided the *capacity for correcting misunderstandings by respondents* and flexibility. It was flexible because the researcher was allowed to further ask other related questions that were not part of the interview questions. It also assisted in generating adequate responses which could not have been collected by sending out questionnaires. Additionally, the approach gave the researcher the opportunity to ask other relevant questions that were not in the outlined semi-structured interviews.

3.5 DATA COLLECTION

The data collected for the research were both from primary and secondary sources. Primary data were collected from female saloon business owners for the purpose of this study through interviews. The secondary sources of data were gathered from different source which included Ashesi library, internet, reports and news paper publications.

3.6 DATA ANALYSIS

In data analysis, discussion and descriptive methods of analysis were used. Tables and charts for pictorial displays were used as additional tools to summarize the data so that it is more understandable. The discussion in analysing the data brings into light factors that undermined and promoted female entrepreneurs in Ghana.

Interpreting and summarizing the information gathered was the subsequent step in the study; in which recommendations and conclusions are made.

3.7 LIMITATIONS

Undertaking this study had its drawbacks especially during data collection which involved interviewing saloon owners. Firstly, acquiring secondary data from the Internet was difficult because some reports, journals and books were for sale which was very expensive. Further, certain journals and scholarly articles were unattainable whiles outside the school campus. The research encountered other limitations such as the inconsistency of some respondents when particular questions were asked because it was considered to be personal questions by them.

Additionally, the time factor was a constraint because most of the appointment time was not met by the interviewee. This was because they interviewees were preoccupied during the interview sessions and others were not willing to take part of the study. Due to such limitations, three out of the ten participants of the study declined prior to the scheduled interview dates. Finally, language acted as a barrier because majority of the interviewees were struggling with their English since the researcher could not also speak any of the local languages.

Nevertheless, some of the constraints encountered by the interviewer were reduced and eliminated by doing her hair in order for the interviewee to participate in the research. Another measure taken by the researcher was by

being very persistent by making calls to reschedule the appointments. Though, the persistent calls were ignored influencing the potential participants to remove themselves from the research.

CHAPTER 4

DATA ANALYSIS AND PRESENTATION

4.0 INTRODUCTION

The chapter comprises an analysis of the data that was collated for the purpose of this thesis and also presents the results of this data analysis. The focus of the study was to determine the challenges faced by women entrepreneurs within Danquah Circle in the start-up and growing phase of their saloons as well as the reasons for being entrepreneurs. This section of the study analyzes the findings from the data collected during the interviews. Through the interviews, the researcher found out that all the respondents of the study were educated or trained in their profession. Most of the saloon owners completed high school and furthered their education by doing their tertiary education in universities and polytechnics while others completed diploma courses such as the Higher National Diplomas (HNDs). However, there were few women whose educational level were at Senior Secondary School (SSS) but attended vocational schools where they learned about hair and other beauty related courses.

This chapter evaluates the findings into details in the subsequent sub-section beginning with reasons for women starting their own business using the outlined semi-structured interview questions.

In Figure 2, the diagram summarizes the findings regarding female entrepreneurs within the saloon industry face. The illustration in Figure 2 was deduced from the interviews conducted as well, some of the findings are in agreement with some of the literature review from Dzisi (2008). For

instance, Dzisi (2008) indicated that financial and personal motivations are some of the reasons women start their business and the researcher agrees with Dzisi because through the interviews, most of the women mentioned the financial rewards and flexibility as motivational factors to start their businesses.

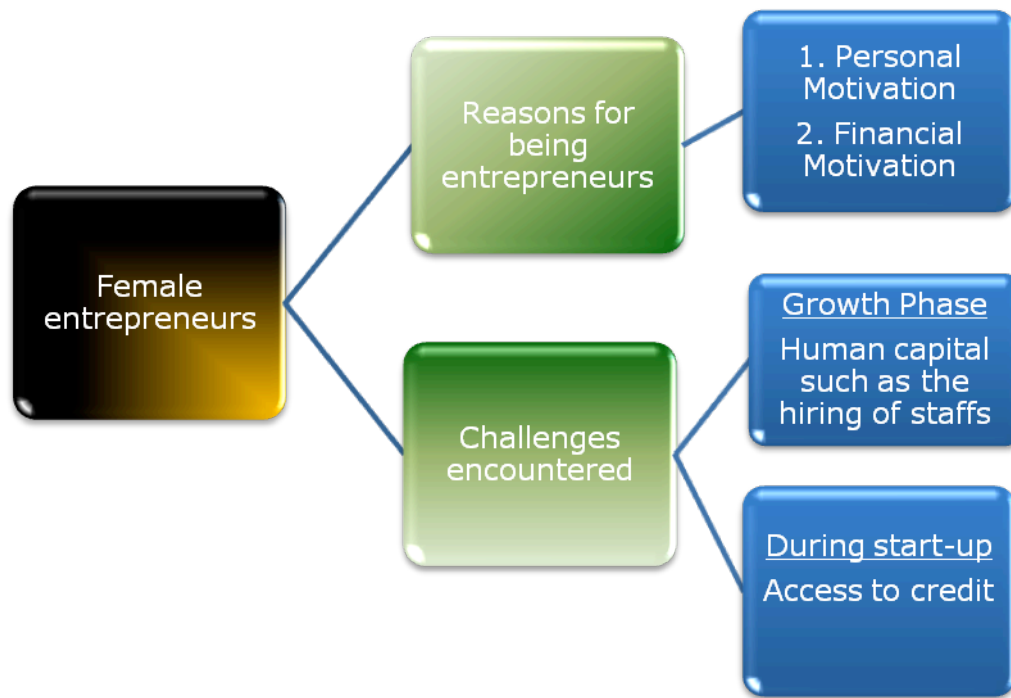


Figure 2. Diagram illustrating findings on female entrepreneurs in the saloon business.

4.1 REASONS FOR STARTING THE BUSINESS (SALOONS)

Through the responses of the research interviews, the researcher established reasons and/or motivations that influence women within the Nyaniba and Danquah Circle areas to start and grow their business. The reasons are evaluated in the following sub-section.

4.1.1 Personal Motivations

Women within the studied population became entrepreneurs because of personal factors. The interviewees who consisted of saloon owners informed the researcher that their “love for beautiful things” motivated them to begin their own saloons. Violent Amedeker an interviewee and owner of “Body Kitchen” a salon at Danquah Circle started her own business because she appreciated beauty and inspired to make “people look and feel beautiful”. Additionally, most of the women were passionate about hairdressing and an interviewee who prefers to be anonymous had the passion to open her own business since age five. Likewise, owner and manager of Shinells, Rhodalin Aryee had similar reasons as well as to create opportunities for her employees.

Furthermore, to control one’s schedule and life for self-fulfilment function as a motivator to start a business as was mentioned by all the females. Women especially those in Ghana, are driven by self-fulfilment and achievement because in the Ghanaian society, women are given little respect for their accomplishments and abilities. This pushes women to create their own self-respect by being innovative and creative influencing the economic growth of the economy as they create opportunities. Thus entrepreneurship to most of the saloon owners provides an opportunity to uncover new sense of accomplishment in assisting themselves rather than to depend solely on men.

More so, most female entrepreneurs in the saloon industry within the studied population start businesses because of flexible hours; prefer working

for themselves and favourable working conditions. Working for one's self as noted by most of the saloon owners gives them flexibility because it is upon them to decide the number of hours to work in a day or week and can decide the hours to be at work. It gives them space as they call their "own time". Thus, flexibility to female entrepreneurs is major as an environment in which they have control of where to work, how to work and when to work is created; giving them the ability to respond to personal needs of the family enabling them to balance their family responsibilities with work. Apart from time and space flexibility, it provides these women the sense of self-attainment and satisfaction because they are earning wages in respectable ways, create employment for other women and are able to work under favourable conditions such as good lighting and have low noise levels.

Besides, saloons are owned and run by women believing that they are offering a unique service that other saloon owners are not offering. Additionally, most of these women became entrepreneurs believing that as a professional beautician, they are entitled to "utilise their talents" by satisfying the needs and wants of the female population who prefer being beautiful with the assistance of professionals specifically female beauticians.

4.1.2 Financial Motivations

During the interviews, saloon owners outlined the various reasons why they started the businesses. Interestingly, in all the interviews, financial motivation was not the major reason to start their business; though it is a motivating factor because of the rewards in that it generates income.

Nowadays, more women are the breadwinners of the household due to divorce and separation in which they are the only parent that provides for the family (Dzisi, 2008). For instance, the man may father numerous children from different wives without economic support; and it is the responsibility of the women to care for the family, thus becoming the primary provider of the household (Dzisi, 2008). Due to such issues and circumstances which are common within the African context, women start their businesses enabling them to provide for themselves and their families.

Additionally, women including the owner of Shinells, Headmaster's and Regina's Saloon to mention a few have demonstrated the ability to control and manage their financial future by selecting the often risky and difficult choice of entrepreneurship. Though, they encounter certain obstacles during and after the process of starting their businesses, these women are still determined to become entrepreneurs to improve their self-esteem and economic status in the Ghanaian society. Also, the respondents of the research acknowledged financial reasons for starting their businesses because the previous employment "insufficiently" paid them as well as the pay for entry-level positions in some workplace did not pay well to provide for the basic necessities of life. Hence, the reason to own and operate their own business as it financially assists the women which enable them to afford the basic necessities of life.

4.2 PROBLEMS FACED DURING START-UP

Women-owned businesses are confronted with difficult situations that may motivate and/or dissuade them to either start or continue their business. From the interviews, saloon owners within Danquah Circle encountered some limitations but the dominant reasons of being female entrepreneurs are explained below.

4.2.1 Access to Credit

From the interviews, access to credit was a constraint to female entrepreneurs within the saloon industry around Danquah Circle. However, the findings from most of the interview responses indicated that access to loans and/or credit from banks was a minor limitation; whereby some of the women who went for loans terminated their business transactions with the banks. These individuals ended the transaction because of the bureaucratic procedures involved in obtaining loans and/or credit.

Whiles the other women such as the owners of Body Kitchen and headmaster's were not interested to obtain loans from financial institutions because of the high interest rates charged by these institutions especially the commercial banks. Interest rates charged by commercial banks are rapidly increasing in that the lending rates have increased from 24 percent to 30 percent; influencing Bank of Ghana (BoG) to intervene. Bank of Ghana intervened by reducing its prime rates that is, the rates charged on the loans obtained by the commercial banks from BoG from approximately 18 percent to 12 percent. Such measure was taken as BoG was optimistic that banks will

reduce their interest rates on loans. The reduction of the rates reduces the inflation rates of the country but it is the decision of the financial institutions such as Ecobank, Pro Credit and Barclays to reduce their interest rates.

Due to these complications, women entrepreneurs use other means of finance such as personal savings to start and grow their businesses because obtaining credit from banks is still complex. Female entrepreneurs in the studied population had access to finance mostly from personal savings and contributions from family members as well as from friends and clients as happened to Mrs. Tei the owner of Regina's Saloon. Mrs. Tei used her savings of more than eight years to start her business as well as the contribution made by her favorite customer who she sees as an elder sister. Hence, from our analysis, access to credit for saloon owners is not a major concern as indicated in the literature above.

4.3 PROBLEMS ENCOUNTERED IN THE GROWTH FACE

In the growth phase, saloon owners have human capital problems; mainly management and technical skills and the hiring and training of competent staffs. Saloon owners tend to organize and control major affairs of the business while their managers are responsible for the day-to-day activities though they lack certain managerial skills because they transmit incorrect messages to customers and potential customers. From the interviews, all the respondents acknowledged the negative behaviours and attitudes of some of their employees towards their customer. This adds as a problem to the female entrepreneur because of the attitudes their employees

emit towards their customers which influences them not to revisit the saloon and advise their friends and families not to visit that saloon too. This can damage the saloons reputation especially when the unsatisfied customers utilises word of mouth as a means of communication. Such mode of communication can tarnish the saloon's reputation within the society.

Moreover, through the interviews almost all the respondents mentioned that the hiring and training of competent staff poses a challenge to them because it is expensive and sometimes misused. Hiring and training of staffs emit problems of trust towards the employees. Hiring staff is complicated because the required skills and resources needed from the potential employee by the saloon owner may not be met. This is time consuming as the owner undergoes the necessary requirement to hire a staff by performing the interviews. Moreover, training the individuals that met the requirements of the saloon owner is expensive and risky. Training staffs is significant in order to have management and technical knowledge of the industry they are working in. However, training staffs has its disadvantages because some of them leave the saloon and open their own after a year of being trained and sometimes attract the customers of the previous saloon to relocate to theirs. Regina's Saloon is an example which attracted other customers to relocate to her saloon because they prefer her to the saloon she worked previously in for about fourteen years; though she is faced with hiring more staff because some of them leave the saloon after the training while others are not competent enough to work at the saloon.

Some female entrepreneurs who encounter the above constraints may discontinue the business because of low self-esteem, lack of confidence and low interest in the business. The diagram in Figure 3 summarizes the results that arise when female entrepreneurs within the saloon business are faced with the mentioned challenges above.



Figure 3. Summary of results that arises when female entrepreneurs encounter challenges.

4.3.1 Access to Land

Information regarding access to land by female entrepreneurs in the saloon industry was interesting. Most of the women being interviewed

indicated that the building and location of the building was a gift from Family members. For example, the land in which Regina's and Shinells saloon are located and built were a gift from a member of the family in which a small token was given to the person responsible for the land. However, the other saloon owners are renting the building the saloon is in because they believe it is more convenient even though they had their own land; it is far from the city of Accra which is the commercial city of the country.

4.3.2 Rent, Prices and Tariffs on goods and services

The cost of rent in Accra is very high making it hard on saloon owners whose workplace is rented. From the interviews, few of the saloon owners complained about the rent as it affects them because they also have other expenses such as maintenance and billings such as water and electricity as they frequently use these resources to facilitate the services they are providing.

Additionally, the tariffs on some products are high which influences retailers and wholesalers to increase the price charged on most products sold to the Ghanaian populace. The increase in tariffs which leads to an increase in prices affects some of the saloon owners who purchase their products from retailers and wholesalers whose prices are significantly high for the benefit of making a profit. Due to the "high prices" charged, saloon owners such as Cheers Saloon are unable to purchase some of their products such as hair pieces, combs, hair crème and relaxer and electrical instruments such as the

“hair heater”. Further, this influences the prices of the services being delivered to the customer by increasing the prices charged.

4.3.3 Network Affiliations and Government Programs

The women within the saloon industry in Danquah Circle are aware of the existence of some women’s associations within the country. Though, some of the women are uninterested to join and/or be affiliated to these associations because they believe that they will also want their “share” or request for an “insignificant amount of interest” after making a profit. Due to such requests, some of the women are not interested and are not motivated to join these affiliations; though few of the women are interested to join because the assistance they will receive will be significant and will aid in interacting with other female entrepreneurs in other domains of the economy whereby they will share information and knowledge about entrepreneurship and women in Ghana. Further, the researcher also found out that some of the saloon owners are not aware of programs directed to the betterment of female entrepreneurs in the country which are provided by the private organizations as well as the government.

CHAPTER 5

RECOMMENDATION AND CONCLUSION

This chapter consists of recommendations to assist solve problems that were discovered in the findings and conclusion regarding the study. Assisting small and medium- scale enterprises owned and run by women have a fundamental impact on the development and growth of the economy.

5.1 CONCLUSION

Women's entrepreneurship is an increasing phenomenon in Ghana as they assist in the economic growth and development of the country. These women create employment for themselves and the other members of the society but they are also able to provide for themselves and their family financially. Though, they encounter challenges in owning and operating their own businesses, these challenges such as access to credit is a minor constraint because they prefer personal savings rather than acquiring credit from formal financial institutions in which the procedure is slow and bureaucratic as well; the cost of rent acted as a constraint in their businesses. Additionally, their high level of education regarding their profession makes a country's economy grow. This has a fundamental impact on the development and growth of the economy. These challenges can be effectively harnessed by the potentials of the female entrepreneurs as they innovate and create new ideas as well as the economy through the creation of employment, generate income for themselves and their employees improving their standards of living.

5.2 RECOMMENDATIONS

5.2.1 Microcredit facilities

Microcredit facilities are available to the various communities within Accra as well as traditional financial facilities such as "susu". These facilities are affordable and reachable because of the charges and location. For example, microcredit and "susu" services neither charge interest nor demand for collaterals; such as land on the loans provider to borrowers. Hence, female entrepreneurs within the saloon industry should opt for traditional lending and microcredit whereby the procedure in obtaining the loan is less expensive and bureaucratic.

5.2.2 Banks

Banks should understand the characteristics of the population that comprises of female entrepreneurs who are currently borrowers. Understanding the population will assist them to review their current loan portfolio that will be more in tuned with the women especially those within the informal sector of the society mainly those which are micro, small and medium enterprises as they are faced with the inaccessibility to loans. Additionally, banks should have portfolios specifically for female entrepreneurs within the micro, small and medium scale enterprises in order to increase access to credit as well as have a certain amount of interest charged on their loans. For example, to have special interest rates targeted towards female entrepreneurs within SMEs. Likewise, they should provide specific information to borrowers regarding loans and the specific requirements needed in obtaining the loan.

5.2.3 Network Affiliation and Government

There should be more awareness regarding network affiliations such as the women's associations in the country. Yearly, the hair and beauty industry have a program in which major saloons interact with each other and display their products and services in which different Non-governmental (NGOs) and Government organizations take part. With this held annually, women's associations can have presentations in which they can talk about their various NGOs. Providing information on their organizations adding more knowledge to the various saloon owners and may motivate them to join the different organizations due to the services they are providing to female entrepreneurs. Additionally, government officials such as the ministry of women affairs should provide training workshops targeted towards women within SMEs in business management.

5.2.4 Hiring and training of staff

The hiring and training of staff and potential employees is most time complicated. However, saloon owners can be more formal by producing a contract in which after hiring and training, the employee will stay in the saloon for a maximum of four years. Due to such contract, employees will give their services to the saloon owner and customers for another four years rather than working for another saloon after a year or two of acquiring the knowledge and skills required in the saloon industry from the previous saloon.

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APPENDIX A: Interview Guide for female entrepreneurs who own saloons within Danquah Circle.

1. Have you formally worked before?
2. Where you paid well? Where you satisfied with your position at work/
Did you encounter any discrimination or harassment at work?
3. What motivated you to start your business? Is it still a factor?
4. Why do you prefer self-employment over being employed?
5. How did you start the business?
6. In starting your business, did you receive assistance from professionals, government or relatives? What help did they offer and are you still receiving help from any other persons?
7. How were you able to have access to capital and other resources such as land? Was it through relatives, the bank, microcredit facilities or by yourself?
8. Was it difficult in obtaining financial capital and other resources?
9. If yes, what are the reasons?
10. Are you aware of governmental organisations and women's organisations that provide information services and assistance to SMEs?
11. Are you in any women business organisations? If yes, what benefit do you receive from them? Or how have they benefitted you and your business
12. What problems have you faced in starting up the business? Which of these problems still recur? Which of these have reduced?

13. What problems do you face as a woman in business? Which of these problems are still difficult?

14. Do you feel that the environment to support entrepreneurs in Accra is:

Not favourable

Favourable

Unfavourable

Very favourable

Mostly favourable

15. Please tell me about yourself. What is your educational qualification?

APPENDIX B: List of Interviewees who own saloons

Shinells Saloon - Mrs. Rhodalin Aryee

Body Kitchen – Mrs. Violent Amedeker

Regina’s Saloon – Mrs. Regina Tei

Cheers Saloon – Mrs. Aryeetey

Headmasters Saloon – Ms. Jennifer

Exotic Trends – Not Available

Girls Girls – Not Available