

Gender Differences in ICT Use Among Small Business Owners in Ghana

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ABSTRACT

In the last two decades, microfinance institutions across regions have helped to financially build small businesses in areas of disadvantaged populations. The efforts in providing entrepreneurs with small non-collateralized loans (or micro-loans) along with developing cooperative programs for entrepreneurs were reported in earlier studies as being helpful in alleviating some borrowers from extreme economic poverty. However, early warning signals were raised about whether microfinance institutions were benefiting themselves more than the poor. This article assesses the differences in attitudes toward the use of information and communication technology among small business owners in Ghana that have access to micro-loans. The findings indicate significant differences between interest payers and interest non-payers based on region of the country, age, education, and membership in an entrepreneurship program.

KEYWORDS

Disadvantaged Populations, Entrepreneurship, Gender, Ghana, ICT, Microfinance, Micro-loan, Mobile Phones, Small Businesses, Sub-Saharan Africa

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1. INTRODUCTION

In this decade, writers are asking questions like the following about the viability of micro-loans and credit:

1. Is microfinance really for the poor?
2. How can micro and small enterprises in Sub-Saharan Africa become productive (Mano, 2012)?
3. Does microfinance still hold promise for reaching the poor (Cull, 2015)?

In a World Bank extensive field research study on whether Microfinance still held promise in reaching the poor, the findings as reported by Cull (2015) were:

- Micro-loans had modest benefits
- Commercial microfinance was not likely to reach those that were described as the “poorest of the poor”
- Other forms of microfinance like micro-savings, micro-insurance may help to provide financial inclusion
- The alternative delivery methods and channels like the use of information and communication technology (ICT) for microfinance delivery held promise for the poor who had access and could facilitate faster financial inclusion

This paper looks at small businesses with micro-loans and the use of ICT as a delivery method. The use of ICT for microfinance services is relatively new in many countries of Sub-Saharan Africa including Ghana. In the study that is reported, the authors looked at understanding significant differences in the use of ICT by interest payers and interest non-payers of micro-loans among entrepreneurs in the Greater Accra, Central, Eastern and Western regions of Ghana.

2. LITERATURE REVIEW

The reach out to disadvantaged communities by Grameen Bank’s micro-loan initiatives in Bangladesh, the ACCION’s BancoSol in Bolivia and several others made microfinance institutions in the late 1980s and 1990s to be seen as doing something very important to raise hope and end generational and extreme poverty (Bhatt & Tang, 2001, Smith and Yunus, 2007; Sullivan, 2007; Yunus, 1998).

2.1. Microfinance in Ghana

By 2005, Sub Saharan African countries, particularly Ghana had witnessed the influx of many non-indigenous microfinance institutions as well as local startups. The reports at the time were that extreme poverty was being gradually reduced through micro-loans and development of new models of rural entrepreneurship (Afrane, 2002; Anthony et al, 2011; Aryeetey, 1992, 1998 and 2005). The Country had both well-formed private sector, small to medium enterprises (SMEs) and governmental microfinance institutions (MFIs) like rural banks that focused on providing micro-loans. Donkor and Duah (2013), reported on the relationships between the savings and credit among rural banks in Ghana. The first rural bank was founded in 1976. Since then, a total of 126 rural banks and counting have been established in Ghana with good distribution among the regions as follows: Greater Accra (6), Ashanti (23), Eastern (22), Volta (14), Central (22), Brong Ahafo (18), Western (14), Upper East (2), Northern (3) and Upper West (2). It is worth noting here that due to resource limitation, the study reported in this paper was conducted in only four regions of Ghana: Greater Accra, Central, Eastern and Western. The Bank of Ghana (the Central Bank of the Country) and several governmental agencies including the Ministry of Private Sector Development and the National Board for Small Scale Industries had

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