

NAVIGATING THE COVID-19 PANDEMIC: THE EXPERIENCES OF FEMALE-LED MICRO, SMALL AND MEDIUM ENTERPRISES IN GHANA



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Female-Led Micro, Small and Medium Enterprises in Ghana**

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LIST OF ABBREVIATIONS

- A4AI ----- Alliance for Affordable Internet
AAG ----- Artisans Association of Ghana
ACET ----- Africa Centre for Economic Transformation
CAPBuSS ----- Coronavirus Alleviation Programme Business Support Scheme
FGD ----- Focus Group Discussion
FUSMED ----- Fund for Small and Medium Enterprise Development
GDP ----- Gross Domestic Product
GEA ----- Ghana Enterprise Agency
GEM ----- Global Entrepreneurship Monitor
GIJ ----- Ghana Institute of Journalism
GSMA ----- Global Systems for Mobile Communications
ICT ----- Information and Communication Technology
IFC ----- International Finance Cooperation
ILO ----- International Labour Organisation
KII ----- Key Informant Interview
MASLOC ----- Microfinance and Small Loans Centre
MCF ----- Mastercard Foundation
MIWE ----- Mastercard Index for Women Entrepreneurs
MMDA ----- Metropolitan Municipal and district Assemblies
MSME ----- Micro, Small and Medium Scale Enterprises
MTN ----- Mobile telecommunications Network
NBSSI ----- National Board for Small Scale Industries
NGO ----- Non-Governmental organisation
ODI ----- Overseas development Institute
OECD ----- Organisation for Economic Cooperation and Development
PDA ----- Participatory Development Associates
SSA ----- Sub-Saharan Africa
TIN ----- Tax Identification Number
UN ----- United Nations
UNDP ----- United Nations Development Programme
WHO ----- World Health organisation
YFI ----- Youth Forward Initiative

Executive summary

Female-led businesses represent the majority share of micro, small and medium enterprises (MSMEs) in Ghana and operate mainly in the informal sector. Informality is a key characteristic of the Ghanaian economy in general and is significant in areas such as manufacturing, agriculture/agribusiness and services (Mastercard Index for Women Entrepreneurs, 2020). Despite women's contribution to business and economic growth in Ghana, their businesses face a myriad of challenges, including limited access to financing resources, information asymmetry, lack of technical and managerial skills, and exclusion from business incentives from state and private sources (Dzansi et al., 2021; Baah-Boateng et al., 2013; Junior & Senior, 2020); Boohene, Sheridan and Kotey, 2008). The Covid-19 pandemic has further worsened the fortunes of female-led MSMEs due to women's overwhelming exposure to greatly impacted sectors—manufacturing, wholesale and retail trade, accommodation, food services and petty trading of various kinds. The introduction of lockdowns, social-distancing protocols and travel/ movement restrictions grounded several businesses and collapsed many others. With the decline in demand for goods and services, female business owners in the informal sector, who are more likely to be excluded from relief support from the state, are more exposed to the economic shocks, which increases their vulnerability and affects their living conditions (Cherie Blair Foundation for Women, 2020; African Development Bank, 2020). This study sought to understand the coping mechanisms, survival strategies, access to support and resilience of female-led micro, small and medium enterprises (MSMEs) that have been affected by the Covid-19 pandemic in Ghana.

The study was conducted in six districts (three rural, three urban) in the Northern, Ashanti and Greater Accra regions of Ghana. It employed qualitative methods and drew on both primary and secondary sources of information for the analysis. Research participants were female and male MSME owners of two age cohorts—youth and young adults (18–35 years), and adults (36 years and above). Although the focus of the research was on female-led businesses, male business owners were included to provide comparative data for analysis. Sampling was done from two different populations—business owners in the study districts who had not participated in any known intervention and business owners in the study districts who had participated in the Youth Forward Initiative (YFI). The YFI was a five-year intervention implemented in Ghana by a consortium of NGOs and funded by the Mastercard Foundation, to train and support young people (female and male) in the agricultural (cocoa) and construction sectors to set up their own businesses. The inclusion of intervention and non-intervention participants was to provide further insights into the realities and coping strategies of businesses managed by people with different experiences and exposures. This also allowed for wider coverage of female businesses and the nuances of the informal sector in both urban and rural areas. In each of the selected districts, 20 individuals who owned MSMEs were interviewed. Additionally, two focus group discussions (FGDs) and two key informant interviews (KIIs) were done with relevant stakeholders, including NGOs and local government authorities and business/trade associations, who were working or interested in women's economic empowerment. In total, 120 individual interviews, 12 FGDs and 12 KIIs were conducted involving 173 unique male and female participants.

Findings

1. Female-led businesses in the micro and small-scale informal sector bore the biggest brunt of Covid-19. While the Covid-19 pandemic affected every sector and business type, MSMEs operating in the informal sector were the hardest hit. This was largely due to the fragile nature of such enterprises and the lack of reliable backup support to cushion them in an emergency like the Covid-19 pandemic. These businesses also did not have any crisis management plans in place and so the pandemic caught them unprepared. Although there were no variations observed from the primary data regarding how both male- and female-led businesses were affected by the pandemic, women were expected to recover more slowly than men due to the sociocultural constraints they face. There are also more women in the informal sector (hit most by the pandemic) than men, which means that women will require a proportionate amount of support in the post-Covid recovery efforts.

2. Most female-and male-led MSMEs in the informal sector did not benefit from formal relief and safety net packages due to their inability to meet the requirements. Most of these businesses could not meet the qualifying criteria for accessing the government Covid-19 relief packages. These criteria included proof of business registration, association with identifiable trading groups and possession of a tax identification number (TIN). While 22% of rural and 19% of urban participants indicated that they had applied for the relief, only three males and two females indicated that they had received it. A few others were sent text messages to say that their applications were not successful, but many of them were yet to get any feedback on their application. For this reason, the majority of the women in this space relied on support from family, friends and informal networks to navigate the economic shocks of the pandemic.

3. Access to mobile phones among female (and male) business operators is high at all levels but access to smartphones and the Internet is unevenly distributed in favour of urban and southern areas. Almost every participant interviewed had access to at least a mobile phone. However, there was a disparity in access to smartphones between rural and urban areas, with more participants in urban areas owning smartphones than those living in rural areas. Also, participants in rural areas of the Northern Region reported the least access to smartphones. Again, access to smartphones was also higher among participants in southern Ghana than those in the north. The implication is that there are still rural-urban and north-south gaps in access to smartphone and Internet services that require the attention of government and the development community to ensure an inclusive digital transition.

4. Young entrepreneurs with a formal education and those living in urban areas are more likely to use digital technologies to run their businesses than older, less educated and rural business owners. The use of digital technology for business operations—primarily for marketing on social media and digital payments through mobile money—was more common among businesses in the urban than in rural areas. And digital technology penetration was high among young people, who were also more educated than the older people. This means that a critical mass of Ghana's population in both rural and urban areas is at risk of being left behind in digital penetration and services.

5. The effective use of mobile and digital technologies is hindered by a lack of digital skills (digital illiteracy), poor mobile and Internet infrastructure/connectivity in rural areas and urban fringes, and the high cost of data

Many MSME entrepreneurs reported limited knowledge of digital technology and of the use of the Internet to transact business. Digital skills were found also to be strongly linked to the level of formal education. Hence, those with little to no formal education were the most handicapped in digital skills and technology application.

Recommendations

Improve access to finance and financial services through tailor-made and flexible financing products for MSMEs. Financial institutions, especially those in the formal sector, should consider designing specific financial packages to serve the particular needs of MSMEs that have no credit history or collateral to secure mainstream financing products. Government agencies, like the Ghana Enterprises Agency (GEA), Microfinance and Small Loans Centre (MASLOC), as well as state-owned business-oriented banks—National Investment Bank and Agricultural Development Bank—could work together to mobilise, register and deliver appropriate financing schemes for this category of businesses.

Sensitise and promote a business registration culture among MSMEs to improve their access to financing and relief packages. Most MSMEs struggled to meet the requirements needed to access the Coronavirus Alleviation Programme Business Support Scheme (CAPBuSS). Most of them tried to obtain the necessary registration only because it was a requirement in order to qualify for the government relief. For this reason, the GEA and Metropolitan, Municipal

and District Assemblies (MMDAs) need to sensitise and encourage registration of MSMEs in their localities to improve their chances of accessing government and non-government business support services. This would also help ascertain accurate and reliable data on MSMEs as well as regularise their operating environment and make it possible for them to be included in social support programmes.

Prioritise digital skills training to bridge the digital skills gap and to promote digital technologies penetration among MSMEs.

Both government and non-governmental agencies with a focus on digital transformation need to look at the particular requirements and skills gap of most MSME owners. Policies and programmes that promote digital penetration need to design appropriate digital literacy interventions for female- and male-led MSMEs, to ensure they are not left out of the digital inclusion and transformation drive. In particular, women in the rural and underserved urban communities need priority attention in digital literacy training. The training curriculum must consider also the potential problems of digital technology use—for example, cybersecurity, data privacy and its associated challenges—to minimise the associated risks.

Invest in digital infrastructure in rural and peri-urban areas and reduce the cost of data to enhance digital inclusion.

While Internet connectivity is high in Ghana relative to most SSA countries (GSMA, 2020b), there is a significant gap between rural and urban areas in terms of accessibility due to network infrastructure deficits in rural areas. For the government's digital transformation agenda to be meaningful and inclusive, there is a need to bridge this gap and achieve universal connectivity nationwide. Government, through the Ministry of Communications, should collaborate with and provide incentives to

the telcos to invest more and extend their services to all parts of the country that have no mobile and Internet connection services. Related to this is also the high cost of data in Ghana, which is unaffordable for many people, including many MSMEs operators. This can be addressed also partly through relevant policies and incentives to the telcos that extend Internet services to rural areas.

Provide capacity-building to micro, small- and medium-scale entrepreneurs in order for them to become growth-oriented and

resilient. As widely documented in literature, most female-led MSMEs businesses in Ghana are necessity-driven and therefore do not have strategic plans for growth beyond subsistence. For this reason, they mostly lack innovation and managerial skills and do not have alternative

plans to deal with emergencies or crises, such as those imposed by Covid-19. The government, through the CEA and the NGO community, should prioritise capacity-building programmes for women who operate such businesses. This will help them to develop their skills in managing and growing their operations to become profitable and adaptable to the fast-changing business environment.

1. Introduction

This study sought to understand the coping mechanisms, survival strategies, access to support and resilience of female-led micro, small- and medium-scale enterprises (MSMEs) that have been affected by the Covid-19 pandemic in Ghana. Female-led businesses represent the majority of MSMEs in Ghana and operate mainly in the informal economy. Informality is a key characteristic of the Ghanaian economy in general and forms a critical part of outputs from sectors such as manufacturing, agriculture/agribusiness and services (Mastercard Index for Women Entrepreneurs, 2020). The informal sector contributes more than 70% of the GDP in developing and emerging economies, according to the World Bank, and is dominated by women.

Despite women's contribution to productivity and economic growth in Ghana, their businesses face a myriad of challenges, including limited access to financing resources, information asymmetry, lack of technical and managerial skills, and exclusion from business subsidies from state and private sources. The Covid-19 pandemic has further worsened the fortunes of female-led MSMEs due to their overwhelming exposure to the greatly impacted sectors—manufacturing, wholesale and retail trade, accommodation, food services and petty trading of various kinds (Mastercard Index for Women Entrepreneurs, 2020). The introduction of lockdowns, social-distancing protocols and travel/movement restrictions brought several businesses to a halt, with many collapsing in the process. With the decline in demand for goods and services, female business owners in the informal sector, who

are more likely to be excluded from relief support from the state, have been directly exposed to the shocks, which have increased their vulnerability and affected their lives and families (Cherie Blair Foundation for Women, 2020; African Development Bank, 2020).

MSMEs in Ghana are generally categorised according to assets, number of employees and turnover. Asare, Akuffobea, Quaye & Attah-Antwi (2015) make the following distinction: Whilst micro-scale enterprises are businesses that employ up to five people and have fixed assets not exceeding the value of USD 10,000, small-scale enterprises employ between 6 and 29 people and have fixed assets not exceeding the value of USD 100,000, and medium-scale enterprises employ between 30 and 99 people and have fixed assets not exceeding the value of USD 1 million. Similarly, other scholars have classified MSMEs in Ghana as: micro enterprises—less than five employees; small enterprises—5 to 29 employees; and medium enterprises –30 to 99 employees (Teal, 2002; Asare et al., 2015). This study has adopted the latter definition and categorisation for the purposes of sampling and analysis.

Notably, the informal sector in Ghana is dominated by MSMEs that are largely female-led. It is also well documented that Covid-19 relief programmes have not reached informal and unregistered MSMEs in Africa (Koyama, Sock & Kwan, 2020). This study, therefore, focused on micro, and small- and medium-scale female entrepreneurs in Ghana, using male-led businesses with similar characteristics as a comparison. The study collected data from small-scale entrepreneurs who benefited

from intervention programmes and those who had not benefited from any programme in the past. The intervention participants were sampled from the Youth Forward Initiative, a five-year intervention implemented in Ghana by a consortium of NGOs and funded by the Mastercard Foundation, to train and support young people (female and male) in the agricultural (cocoa) and construction sectors to set up their own businesses. This was, however, not a comparative study of the intervention and non-intervention entrepreneurs, but rather a way to obtain a deeper understanding of the dynamics and different experiences of young and older people who operate MSMEs in Ghana's informal sector.

The study is organised into five main sections. Section 1 gives a general introduction and background to the study and sets out its scope and research questions. Section 2 presents a brief overview of related literature on female-led MSMEs and how they have navigated through Covid-19, their access (or lack of it) to support services and safety nets, and the application of digital technology to their business operations. Section 3 discusses the methodology employed in conducting the study. Section 4 delivers the findings and discussions of the study, while Section 5 highlights key learnings from the study and recommendations for policy and programming.

1.1. Scope and Research Questions

Focusing on sectors such as agribusiness, petty trading, construction, fintech, information technology, skilled labour (for example, hairdressing, dressmaking, carpentry, mechanics), this study asked the following questions:

- (i) How has Covid-19 affected the livelihoods of women who own MSMEs in the informal economy and what access did they have to government extension/relief services?
- (ii) What coping strategies did female business owners use in response to the socioeconomic shocks caused by the pandemic?
- (iii) What was the extent of their access to financial and social protection services compared to males?
- (iv) Whether and how digital solutions have played a part in female-led business recovery and coping mechanisms or adaptation strategies, including how women have interacted with digital technologies (for information or business opportunities) during Covid-19 in their recovery strategies, for what purpose, and how this differs from males.
- (v) What type of support services were available to female-led MSMEs in various sectors and geographical areas?
- (vi) Women's awareness and use of these support services, including whether and how they use them for running their businesses.

2. REVIEW OF RELATED LITERATURE

2.1 Micro, Small and Medium Enterprises in Ghana

Micro, small and medium enterprises (MSMEs) have become integral in the economic landscape of both developed and developing countries. Described in some contexts as the 'lifeblood' and 'economic muscle' of economies (OECD, 2017), they have been recognised largely for their contribution towards employment and income generation, human resource development, business skills development, export and poverty reduction, economic growth, and youth and female empowerment (Liedholm & Mead, 1999; Eggers, 2020).

MSMEs have often been classified based on the value of their capital assets, employee numbers and annual revenue. The National Board for Small Scale Industries (NBSSI) and the Ghana Statistical Service (CSS) use similar criteria in their categorisation of MSMEs in Ghana. Thus, Teal (2002) and Asare et al. (2015) describe micro-scale enterprises as businesses that employ up to five people and have fixed assets not exceeding the value of USD 10,000; small-scale enterprises employ between 6 and 29 people and have fixed assets not exceeding the value of USD 100,000; while medium-scale enterprises employ between 30 and 99 people and have fixed assets not exceeding the value of USD 1 million.

MSMEs cut across diverse sectors of the economy. They are not limited to the production sector but can be found along the entire value chain, serving as brokers and distributors of products and services (Dayour Adongo & Kimbu, 2020). In Ghana, available data indicates that MSMEs form the

core of the country's private sector, which is perceived as the engine of growth of the economy, constituting about 70% of Ghana's GDP (Oppong, Owiredu & Churchill, 2014; ITC, 2016). Citing the Ghana Living Standard Survey (GLSS-3, 2002), Oppong et al. (2014) noted that these enterprises can be credited with the employment of about 60% of the labour force, with the largest proportion being in the manufacturing sector.

The contributions of MSMEs towards economies in general, and the Ghanaian economy in particular, cannot be overemphasised. Nevertheless, these enterprises have some peculiarities that can make them both vulnerable and resilient to external shocks such as Covid-19. Eggers (2020) argues that because the individual enterprises are relatively small, they struggle to access and control resources, making it difficult for them to adequately respond to threats in their environments. Secondly, start-ups may not be very familiar with their terrain and may find it difficult to navigate, resulting in their failure during crisis periods. On a positive note, it is expected that due to the small size of MSMEs (in terms of resources, decision making and customer base), they will be more flexible in crisis periods and will adapt to survive more easily than larger firms (Eggers, Hansen & Davies, 2012). Nevertheless, in Ghana, as in most African economies, MSMEs largely operate in the informal economy with inherent risks and vulnerabilities and a general lack of resilience to shocks such as those presented by the Covid-19 pandemic.

The 2018/2019 Global Entrepreneurship The

2.2 Women's Participation in Micro, Small and Medium Enterprises

The 2018/2019 Global Entrepreneurship Monitor (GEM) women's entrepreneurship report estimates that about 231 million women were starting or running businesses in 59 economies worldwide (Elam et al. & Global Entrepreneurship Research Association, 2019). The 2018 Mastercard Index of Women's Entrepreneurship report, for instance, indicated that in Ghana about 46.4% of businesses in the country are owned by women. This is significantly higher than the 11.3% of women's ownership of established businesses in sub-Saharan Africa (Global Entrepreneurship Monitor, 2019).

The female entrepreneurship phenomenon, especially within the context of developing countries, is not new. Sociocultural demands on women place a dual responsibility on them to provide free household labour as well as engage in economic activities to financially provide for their households (Carranza, Dhakal & Love, 2018). In Ghana, MSMEs have low entry requirements. Hence, with limited skills, inadequate funds and relatively high illiteracy rates among women, MSMEs have become their most accessible means of engaging in economic activities in Ghana and sub-Saharan Africa (Adom, Chiri, Quaye & Awuah-Wereko, 2018; Owoo & Lambon-Quayefio, 2017). Women engage in economic activities in all sectors in every country. However, they are dominant in the services, retailing and agriculture sectors, compared with the manufacturing and construction sectors (Amu, 2004; Owusu, Quartey & Bawakyillenuo, 2014).

Ghana is ranked first globally as having the highest rate of female business ownership (46.4%), according to the Mastercard Index of Women Entrepreneurs (MIWE) 2018 report. But despite the advancements made in

female business ownership, male-owned businesses are still significantly more successful (Carranza, Dhakal & Love, 2018). Female-led businesses tend to be necessity-driven, smaller, grow slower, generate less profit and have a shorter life span (less than five years). They typically provide self-employment to the individual owner and contribute less to economy-wide job creation (Mastercard Index of Women entrepreneurs , 2018). This situation may be attributed to many factors, both from the individual as well as the institutional context within which they operate. Regarding the personal factors, the behaviour of female business owners in terms of their business traits, entrepreneurial orientation, self-confidence and motivation is pertinent (Kirkwook, 2009; Schneider, 2017). Institutional factors relating to sociocultural demands, financing, and discrimination in the labour market, among others, have also been highlighted (Minniti & Naude, 2010).

2.3 Challenges of Female Entrepreneurs in MSMEs

Female entrepreneurs face significant challenges on their entrepreneurial journey. In an extensive review conducted by Isaga (2019) on the difficulties experienced by female entrepreneurs in a non-Western context, it emerged that the documented evidence is similar across various contexts: it relates but is not limited to sociocultural issues, work-family responsibilities, education, lack of self-confidence, discrimination, lack of legitimacy, low social recognition, inadequate finance and business support. These problems emanate either from the external environment or internally (the entrepreneur and firm characteristics).

There are some notable challenges within the external environment that constrain women's entrepreneurial activities. Principal among them are sociocultural norms and beliefs. Some of these beliefs downplay the education of women, dictate what are acceptable career choices for them and ascribe responsibilities that prohibit their advancement in their entrepreneurial activities. There has also been discouragement from men when women are starting or formalising their businesses (Meyer & Landsberg, 2015). To this end, Singh, Mordi, Okafor and Simpson (2010) have raised concerns about governments' reluctance to legislate against prohibitive sociocultural norms that negatively affect women's economic activities.

Further, women find it harder to access finance to support their entrepreneurial activities, compared with men (Wellalage & Locke, 2017). This situation is further compounded by unequal property rights, which makes it difficult for female entrepreneurs to use their property as collateral to access credit. Some financial institutions are also unwilling to accept household assets as collateral and others have shown a lack of confidence in women (Siddiqui, 2012).

Internally, female entrepreneurs are confronted with time constraints. This emanates from their attempt to balance their work and family responsibilities. The pressure to effectively manage both roles puts a lot of stress on many female entrepreneurs. In attending to family responsibilities, many female entrepreneurs are unable to dedicate sufficient time to business-related activities, such as networking and mentoring, which would aid the growth of their businesses (Panda & Dash, 2016). Some female entrepreneurs lack self-confidence as well as business skills and expertise. They also lack support from society in general.

Inadequate training and advisory services to help female entrepreneurs upgrade their managerial and technical skills, combined with a lack of career guidance, has tended to limit female entrepreneurs' access to various publicly and privately offered support services, including business development services and information on business growth (Davis, 2012). In Ghana, female entrepreneurs within the tourism and hospitality sector alluded to the fact that because of the small nature of their businesses, they could not make major inroads into markets and received very little recognition and support from state agencies and industry associations in terms of mentoring, coaching and business registration (Kimbu, Afenyo-Agbe & Adam, 2019).

2.4 Covid-19 and Female-Led MSMEs

The Covid-19 pandemic has had an unprecedented effect on global economies (World Bank, 2020; Dennis, 2021). The repercussions of lockdowns and temporary closures were much more devastating in sub-Saharan Africa, where most businesses are informal, provide self-employment and must open on a day-to-day basis to support the livelihoods of the owners (Amewu, Asante, Pauw and Thurlow, 2020). The pandemic and policy responses by governments, including restrictions on movement, closure of schools, ban on social gatherings, regulation of markets and social distancing, have reshaped the economic and social spaces that typically define the activities of female entrepreneurs. The pandemic, thus, has put women working in the informal sector, and female business owners, in a very precarious position.

The ongoing discourse regarding the impact of Covid-19 on MSMEs' operations highlights its exacerbation of constraints on the time

available to women. The closure of schools as a result of the pandemic increased the childcare responsibilities of many women, who had to renegotiate their working time to care for their children at home (Power, 2020). This affected their business responsibilities. Further, female-led businesses dominate the sectors that were hardest hit by the pandemic with both short- and long-term economic repercussions. The hospitality and tourism, retail and other service industries, which have a high representation of female-owned businesses, were either partially or permanently closed during the peak of the pandemic as part of government restrictions. The resulting decrease in sales affected the income of business owners (Asante & Mills, 2020). It is estimated that Ghana's tourism sector alone lost about USD 171 million in the first month of the pandemic (Aduhene & Osei-Assibey, 2021). Remunerating employees became a challenge and most businesses resorted to either reducing the wages of their employees or laying them off temporarily or permanently (World Bank, 2020). For women, the economic consequences of the pandemic have long-term implications for the survival and growth of their businesses as well as their ability to meet their household responsibilities.

The pandemic also impacted businesses' ability to access inputs, distribution outlets for finished products and financing for their businesses (Ghana Statistical Service, World Bank and UNDP, 2020). This was attested to in Nordhagen et al.'s (2021) study of the impact of the pandemic on small enterprises in the food supply chain across 17 countries. Similarly, the Covid-19 business tracker launched by the Ghana Statistical Service to assess the impact of the pandemic on Ghanaian MSMEs identified impacts such as partial and permanent closures of business, reduction in sales, difficulty in sourcing inputs, either due to their unavailability as a result of the closure of borders or the increase in prices, cash flow

problems and decreased access to funding or credit (Ghana Statistical Service, World Bank & UNDP, 2020).

Diverse coping strategies have been adopted by MSMEs to deal with the impact of the pandemic on their businesses. The extant literature is not disaggregated by gender and cites common strategies employed by businesses. These include changing production volumes, stopping production, reconsidering product sales prices, reducing current consumption, increasing savings and adopting or intensifying digital solutions in business operations. Social media, for example, was relied on for marketing and transactional purposes. Some business owners also reported laying off employees, asking employees to go on leave with or without pay, reducing employee's remuneration and diversifying product offerings (Fabeil, Pazim & Langgat, 2020; Liguori & Pitz, 2020; Dayour, Adongo, Amuquandoh & Adam, 2020; Nordhagen et al., 2021).

2.5 Digital Technology and Female-Led MSMEs

The increasing use of digital technology has transformed the world economy in recent decades. Across developed and developing markets, digital technology offers MSMEs the opportunity to access wider markets, connect with global supply chains and enhance management and operations (Mazzarol, 2015). In addition to directly impacting how businesses are run, digital technology enables entrepreneurs to access information and financial services and expand their networks (Cesaroni, Demartini & Paoloni, 2017). Covid-19 and its associated lockdowns have demonstrated the critical role of the Internet in societies and economies, accelerating the urgency for MSMEs to adopt

digital technologies (GSMA, 2021a). Fewer African female MSME owners participate in e-commerce than men and 88% of respondents in a survey conducted among African women business owners indicated that they require technical assistance for digital adaptation during the pandemic and in the post-Covid-19 world (UN Women, 2020).

2.5.1 Access to Mobile and Internet Connectivity

Women's access to and use of information and communication technology (ICT) and digital technology tends to lag behind that of their male counterparts (World Bank, 2020; World Wide Web Foundation, 2020). Women in sub-Saharan Africa are about 45% less likely to access the Internet than men. This digital gender gap also translates to the running of MSMEs (Grandy et al., 2020). In Ghana, women trail men in ownership of mobile phones (83% vs. 92%) and computers (11% vs. 23%) (Afrobarometer, 2020). While users may access the Internet on feature phones, the functionality is very limited compared to using the Internet on smartphones. Across low- and middle-income countries surveyed by GSMA (2020a), smartphone ownership has a wider gender gap than that of mobile ownership, overall. While data for Ghana is not available, information from other countries is instructive: Breaking down mobile ownership by device type, in Nigeria, 39% of the adult female population owns a smartphone, compared to 48% of men. Feature phone ownership is comparable, at 15% of women and 16% of men. A greater share of women owns basic phones (27%) than men (24%). Further, female smartphone owners are less likely to have had control over their smartphone purchase, indicating a lack of financial autonomy. In Nigeria, 69% of female smartphone owners purchased their own device, compared to

87% of their male counterparts. The gap is particularly stark in Senegal, where only 26% of female smartphone owners purchased their own device, compared to 68% of male smartphone owners. So-called, 'smart feature phones' have emerged to bridge the affordability and functionality gap between feature phones and smartphones. Though they are not targeted at women, specifically, they appear to disproportionately improve women's access to the Internet since women face a more acute affordability barrier (GSMA, 2020a).

Despite the gender gap in digital access in Ghana, women are more likely to be 'gig workers' than men (Onkokame, Schoentgen & Gillwald, 2017). This pattern is in line with that seen in other African countries considered to be digital early adopters, including Kenya and South Africa (Hunt et al., 2019). The majority of these workers hold secondary school certificates (56% of 'gig' or 'micro' workers in Ghana) and are unemployed (60% of gig workers report being unemployed in Ghana). Across a sample of seven African countries (including Ghana), survey results indicated that the largest group (26%) of micro workers (both women and men) perform online tasks such as completing online surveys or data entry, while 22% engage in home-related in-person services, such as house-cleaning or laundry. This category is traditionally overrepresented by women, and is advertised or arranged over digital platforms. About 10% of those gig workers surveyed use digital platforms to shop for home delivery, while five percent drive for a ride-hailing app, such as Uber, Lyft or Taxify (Onkokame et al., 2017). This data is however not sex-disaggregated.

Although mobile money has been a cornerstone technology in sub-Saharan African countries for over a decade (according to the World Bank's Global Findex 2017), women in

Ghana are 23% less likely than men to have a mobile money account (in a country where about 19 million adults have 14.5 million active mobile money accounts) (Bukuru, 2020; World Bank, 2017). Empirical evidence from the Helix Institute of Digital Finance demonstrates that while women are underrepresented in the ownership of mobile money agent businesses in Africa, they excel in customer interactions—particularly with late adopters and female customers—compared with their male counterparts, and manage their liquidity needs just as well as men, if not better (ACET, 2019). In addition, an empirical study carried out in Nairobi shows that young women are more inclined to save than young men. Mobile money solutions that offer flexibility to ‘lock’ their money have emerged as popular tools to save money for fixed periods of time towards meeting specific needs (Fitzgibbon, 2019). While Fitzgibbon’s (2019) study shows that young women still prefer saving or accessing credit through informal groups rather than through digital platforms (with young males more receptive to adopting digital financial services), recent studies since then suggest that the pandemic may have increased women’s receptiveness to using digital financial services (IFC, 2021).

2.5.2 Utilisation of Mobile Applications and Technologies

In every low- and middle-income country surveyed by GSMA (2020a), female mobile phone owners used fewer mobile applications than males. Respondents were asked about 28 different usages, from basic functions such as making a voice call and sending SMS messages to more complex, Internet-based usages including watching videos online. In Nigeria, women average five use cases per week, while men average six. Watching free video content

online, such as on YouTube or TikTok, has recently emerged as a popular use case, with women users disproportionately driving the increase. In Kenya, women’s monthly consumption of video has increased from 28% to 51% on at least a monthly basis, and 32% to 63% for men. GSMA (2020a) does not offer a breakdown on the purposes of video watching—for example, personal entertainment purposes, learning and development, or business purposes.

With the proliferation of social media in recent years, digital marketing has become an important means for businesses to reach and retain customers. A study on MSMEs in Kenya showed that the majority of MSME owners and managers in the study sample who used digital marketing perceived the performance of their firms to be improving (Kimathi, Mukulu & Odhiambo, 2019). Digital marketing activities are mostly carried out via social media, emails and phone calls. Messaging apps (such as WhatsApp and Telegram) and social media platforms (such as Instagram, Facebook or Twitter) are popularly relied upon (Saleh, 2020; UN Women, 2020). However, this study has not identified any disaggregated data which explores the use and benefits of digital marketing by/for women-led MSMEs in Ghana or SSA.

Driven in part by the pandemic, the use of digital tools—such as digital marketing, digital payment systems, digital products and e-commerce platforms—is becoming more common among MSMEs in Africa (IFC, 2021). The Covid-19 Business Tracker Report on Ghana confirms an increase in the adoption of digital technology by businesses—mainly mobile money and online transactions. Results from the first-round survey of 4,311 firms across Ghana

conducted between May and June 2020 indicated that about 38% of firms reported that they had increased or started using mobile money for business transactions, and approximately 9% had started or increased their use of Internet for business operations (Ghana Statistical Service, World Bank and UNDP, 2020). While the evidence is not disaggregated by the gender of business owners or by firm size, it shows that firms within the agriculture sector and ‘other industries’ category used relatively more digital solutions (Internet, 13.5%; mobile money, 42.0%) than other sectors during the pandemic. Firms in the accommodation and food sector (in which female-owned businesses tend to be better represented) adopted digital solutions the least (Internet, 1.7%; mobile money, 26.1%) (*ibid*).

In the second-round survey conducted in August and September 2020, the share of firms using mobile money for sales had increased to 50% from 38% at baseline. However, the share of businesses that had adopted or increased the use of Internet for sales fell marginally from 9% to 8%. There was a 3-percentage point reduction in the use of Internet by firms within

agriculture and other industries between May/June and August/September. Firms in the accommodation and food sector increased their use of the Internet for sales, from 2% to 6%, although their use remained low compared to other sectors (*ibid*).

Across SSA, expanded adoption and use of mobile money during the pandemic has enabled informal sector businesses, such as open markets and stalls—predominantly led by women as micro enterprises—to safely operate by accepting mobile money and reducing the need to handle cash (GSMA, 2021b). In an IFC (2021) survey of 2,207 MSMEs across sub-Saharan Africa, conducted between September and October 2020, roughly 24% of MSMEs reported engaging with one or more new digital tools to manage their businesses during the Covid-19 crisis. The survey indicates that the share of MSMEs using online tools for their businesses during the pandemic did not vary according to gender, while a marginally greater share of female-led MSMEs (25% versus 23% for male-led MSMEs) increased their use of digital technology during the pandemic. This evidence is not disaggregated by firm size, sector or urban vs. rural location.

3. METHODOLOGY

To get a deeper understanding of the issues the study set out to unravel, qualitative methods were used to gain insights into the impact, coping and resilience strategies of female-led MSME entrepreneurs in the informal sector during the pandemic. The study drew on both primary and secondary sources of information to respond to the research questions and cross-validate the findings. The secondary sources covered a literature review of the general context of doing business in Ghana during the pandemic, the participation of women in MSMEs, as well as the opportunities and constraints for the participation of women in the informal sector in Ghana. Based on the themes that emerged from the review, the research questions were further aligned to ensure that they were robust in unravelling the relevant aspects of the involvement of females in the informal sector in Ghana and how they adjusted their businesses to the Covid-19 shocks.

3.1 Sampling

The geographic scope of the study covered the northern (Northern Region), middle (Ashanti Region), and coastal (Greater Accra Region) belts of Ghana.

Research participants were female and male MSME owners of two age cohorts—youth and

young adults (18–35 years), adults (36 years and above). The inclusion of male entrepreneurs in the sample was to help understand the differences in opportunities, challenges and dynamism between them and female entrepreneurs. The study participants were selected from two different populations—MSME owners in the study districts who had not participated in any known intervention and MSME owners in the study districts who participated in the YFI.

Participants were randomly drawn from both the general population and YFI participants in the sampled regions and localities. The inclusion of intervention and non-intervention participants was to provide further insights into the realities and coping strategies of businesses managed by people with different experiences and exposures. This also allowed for wider coverage of female businesses and of the nuances of the informal sector in both urban and rural areas. In each of the three regions, two localities were sampled: (i) an urban centre with vibrant commercial activities, and (ii) a rural community, where agrarian or fishing activities and petty trading were predominant. Based on the above criteria, specific districts/towns were selected as the study sites. The selection of these communities/areas was also partly influenced by the YFI implementation sites. Table 1 presents the list of the study regions and communities.

Table 1: Study regions and districts

Region	Urban community	Rural community
Northern	Tamale Metro	Kumbungu
Ashanti	Kumasi Metro*	New Edubiase*
Greater Accra	Accra Metro*	Ningo Prampram

*Denotes where YFI intervention was and where some YFI youth were interviewed

In each of the selected localities, 20 individual interviews with MSME owners—10 female and 10 male—were conducted. In communities where there were YFI participants, half of the number was YFI participants. In addition, four focus group discussions were held in each region (youth/young adults 18–35 years and adults 36 years and above for both males and females).

Also, two key informant interviews were done with relevant stakeholders, including NGOs, local government authorities and business/trade associations in the selected communities/districts that were working or interested in women's economic empowerment. A summary of the number of interviews completed is presented in Table 2.

Table 2: Number of participants interviewed

Region	District	No. of male participants	No. of female participants	Total
Ashanti	Kumasi Metro*	13	15	28
	New Edubiase	15	15	30
Greater Accra	Accra Metro*	13	14	27
	Ningo Prampram	15	15	30
Northern	Tamale Metro*	15	15	30
	Kumbungu	13	15	28
Total		84	89	173

Participants were selected from a range of businesses across different sectors:

- (i) Agribusiness
- (ii) Petty trading of all kinds
- (iii) Construction sector
- (iv) Fintech and/or Information Technology
- (v) Skilled labour/hair dressing/carpentry/dressmaking, etc.

3.2 Data Collection and Analysis

Data was collected in May 2021, 14 months after Ghana had recorded its first confirmed cases of the Covid-19 infection. The time frame made it possible for issues relating to the pandemic's impact on businesses, their coping, recovery and resilience to be explored. Data collection was led by a team of experienced qualitative researchers with a minimum of

bachelor's degrees in various social science disciplines. The analysis of the data started with a synthesis workshop involving field researchers to aggregate, reflect and validate findings from the different regions and districts. Using findings from the literature and primary data sources, the results were analysed thematically in reference to the main research questions and study objectives. The findings were later validated in a validation and dissemination workshop involving more than 30 female study participants, as well as representatives from relevant government agencies, NGOs and other women's groups.

4. FINDINGS AND ANALYSIS



Female workers at work at a kente weaving shop in Tamale, Northern Region

This section of the report presents the findings and analysis from the qualitative data collected from both female-led and male-led MSMEs operating mainly in the informal sector, with a greater emphasis on female-led businesses. The section is organised under five main themes: (i) the impact of Covid-19 on female-led MSMEs; (ii) coping and adaptation mechanisms used to navigate the impact of Covid-19; (iii) access and use of mobile and digital technologies by female-led MSMEs; (iv) access to and utilisation of financial and safety nets by female-led entrepreneurs during the pandemic; and (v) the recovery and resilience of female-led MSMEs.

4.1 Impact of Covid-19 on Female-Led MSMEs in Ghana

All sectors of the global economy have been impacted by the Covid-19 pandemic. Of particular interest to many stakeholders has been the MSMEs that dominate the informal economic landscape. These enterprises,

despite their significant contribution to the economy, have inherent risks and associated vulnerabilities. Therefore, there is interest in how the pandemic has impacted on their operations and performance.

Prior studies in the context of Ghana, including the Ghana Statistical Service's Covid-19 business tracker, have provided evidence of the negative impact of the pandemic on MSMEs. This was affirmed by all the respondents interviewed in this study. It emerged that the pandemic did not only affect the performance of the enterprises but also reshaped the business aspirations of the entrepreneurs, with implications for the proper functioning of their households. This was to be expected because since women continue to provide for their households domestically and economically, the impact of the pandemic on their businesses would have implications for the functioning of their households (Adom, 2015). The following sections explore some of these dynamics.

Table 3: Summary of Findings on the Impact of Covid-19 on MSMEs

Theme 1: Impact of Covid-19 on MSMEs in Ghana					
Sub-Themes	Gender		Residential Arrangement		Comments
	Female	Male	Urban	Rural	
Business Aspirations of Women in MSMEs					
Sociocultural factors constrained business adaptations	√	√	√	√	<p>Gender norms influenced male and female respondents' perception of business options, especially in the rural areas.</p> <p>Food and foodstuff vending were perceived as feminine whereas artisanal jobs, such as masonry, painting and carpentry, were seen as masculine.</p> <p>Despite the business options' perceived attractiveness, rural entrepreneurs appeared prepared to stick with existing sociocultural norms.</p> <p>Urban entrepreneurs were less driven by these sociocultural norms in their engagement in business activities.</p>
Increased household chores and responsibilities	√				<p>Female entrepreneurs experienced an increase in their household chores and responsibilities during the pandemic.</p> <p>Household expenditures increased as well as time dedicated to childcare responsibilities for female entrepreneurs</p> <p>Some female entrepreneurs had to prioritise their household responsibilities over their business responsibilities.</p>

Depletion of savings	✓	✓	✓	✓	All respondents relied on their savings during the peak of the pandemic. This led to a depletion of the savings that otherwise would have been channelled into business expansion.
MSME Performance					
Demand for food produce dropped				✓	Agribusinesses in rural areas experienced a reduction in the patronage of their farm produce. The restrictions on the movement of people made it difficult for foodstuff retailers in the urban areas to access foodstuffs produced in the rural areas.
Supply of food produce/ items dwindled			✓		The disruption in the farm produce supply chain from the rural areas to urban areas resulted in a reduction of food produce in the urban markets
Reduction in demand for goods and services			✓	✓	All businesses experienced a reduction in the demand for their goods and services.
Perishable goods and those with expiry dates			✓		Stores were closed during the lockdown period in urban areas.
Ban on social events and services	✓	✓	✓	✓	Businesses dependent on these social events, including hair-dressing, dressmaking, decoration and event organisation, were negatively affected regardless of their location. Male and female entrepreneurs engaged in these economic sectors suffered the consequence of this ban on their business activities.

Fear of contagion impacted patronage			✓		<p>The fear of contracting the virus was more prominent in urban areas.</p> <p>This fear affected urban customers' patronage of selected goods and services, such as ready-prepared meals, imported clothing and fresh meat and skilled services.</p>
Shortage of imported (raw) materials for business			✓		<p>The closure of land and air borders globally led to severe disruptions in supply chains. Businesses, especially urban ones that were dependent on imported materials, faced difficulties in accessing them. The scarcity of the product led to price hikes where they were available.</p>
Depletion of capital	✓	✓	✓	✓	<p>Both male and female entrepreneurs depended on their capital during the peak of the pandemic as they had limited income to survive on. Over 90% the entrepreneurs depleted their capital and needed to raise new capital to support their businesses.</p>
Depleted capital/ savings for household needs	✓				<p>More female entrepreneurs channelled their capital and savings towards providing for their household needs.</p>

Start-ups were affected more than established enterprises			✓		Start-up entrepreneurs had limited resources to navigate their businesses during the pandemic. All the start-up enterprises were in the urban areas It will take more for these start-up businesses to recover from the pandemic compared to already established businesses.
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Key: ✓ Definite evidence from data

□ Undetected variation

4.1.1 Covid-19 and Business Aspirations of Women in MSMEs

Discussions on business survival and growth cannot avoid the subject of entrepreneurial motivation. As evidenced in the literature, people are motivated to engage in entrepreneurial activities either out of necessity or opportunity, and these have implications for the strategies they adopt regarding their businesses (Nasiri & Hamelin, 2018). Typical of women entrepreneurs in developing countries (Adom, 2015), most of the female respondents

interviewed (82% in urban areas and 57.5% in rural areas) were driven more by necessity than opportunity in their entrepreneurial activities. Their entrepreneurial motivation largely emanated from the need for survival. About 92% of the women who were necessity-driven were unable to continue their formal education post Junior High School due to a lack of support, but needed to engage in some economic activity to fend for themselves. Hence, starting a business was the only option available to them to make ends meet:

I stopped school at an early age, so I just had to start doing business ... I need to survive. (Youth adult female, food vendor, urban area, Ashanti Region)

I wasn't able to continue schooling after Junior High School because there was no one to help me, so I had an aim that since I didn't go to school, I didn't want to become a head porter so I decided to learn a skill that I can use to work to help my children and myself. So that was why I went into it (hairdressing). (Young adult female, hairdresser, urban area, Ashanti Region.)

Further, about 8% of the female entrepreneurs who had completed post-secondary education, as shown in the quote below, were engaged in entrepreneurial activities because they had not been able to find jobs in the formal

sector or had lost their jobs due to the Covid-19 pandemic. Therefore, entrepreneurship provided an economic pathway for these women, as captured in the following narrative:

I attended GIJ (Ghana Institute of Journalism) and obtained a diploma. After I finished my national service in 2018, I was not getting a job. I was sitting at home idle, doing nothing so my mom decided to give me one of her shops so that whatever I want to do with it I can, so that was how I started the business. I have been writing applications here and there so I have decided to do something for myself. (Youth, female, grocery seller, rural area, Greater Accra Region)

Coming from such backgrounds, these women aspired to create a better future for themselves and their dependents through their enterprises. All of them (100%),

regardless of geographic location or business category, aimed at accumulating funds to expand their businesses in the future:

I sell second-hand clothes. In the beginning, I was selling diapers, but I was not getting enough money to cater for my children and myself since I am a single parent. So someone introduced me to this job. When she is done selling, she calls me and I come for the leftovers to also sell. As time went on, I realised that it (business) would help me take care of my children and myself, so I went into it full time. My business is on a small scale. I haven't gotten to where I want to be so it's small scale. I want to get to a point where people will come for goods from me, but I haven't gotten the needed resources for that yet. I am saving towards that. (Adult female, second-hand clothes dealer, urban area, Ashanti Region)

I have been doing this business for four years now. I sell tea in the morning. My business aspiration is to expand the scope of my business. I intend to open a provision retail shop in addition to my current business so I have my savings which I use to supplement my working capital when there is the need to keep the business moving. (Youth, female, beverage seller, urban area, Northern Region)

Nevertheless, in response to the question on how the pandemic had affected their business aspirations, the entrepreneurs noted that the Covid-19 pandemic had directly and indirectly made the attainment of their business aspirations more challenging. Directly, the pandemic and its impact on businesses resulted in entrepreneurs relying

on their savings to cope with the situation. All respondents interviewed reported that the pandemic had affected the revenue flow of their businesses. This forced the respondents to depend on their savings for survival, depleting capital that could have been channelled into the expansion of the businesses:

When Covid-19 came, I went back to my savings. I, therefore, used about half of my savings for consumption purposes on my family and also the extended family and friends. In the past, I could save like GHS 500 a week, but because of the Covid I could not save any longer and had to depend on my past savings. (Young adult male, carpenter, urban area, Ashanti Region)

I had plans of one day owning a van that I will use in transporting my raw materials and also delivering my finished products. So, I was saving towards that. I had dreams of acquiring machinery to help me in my production but when Covid-19 happened and demand for my products went down, I felt that was the end of my dreams ... I felt it was all over ... I will have to start all over again. (Young adult female, herbal and food processor, urban area, Northern Region)

Indirectly, the pandemic has highlighted again the detrimental effects of certain sociocultural norms and practices on the entrepreneurial journey of women. About 88% of the female entrepreneurs (86% in urban areas and 89% in rural areas) who participated in this study were found to be engaged in activities such as retailing, food vending, agribusiness, dressmaking, hairdressing and interior decoration, which were perceived to be feminine pursuits or socially acceptable for women. Only one woman was involved with bicycle repair, and the sale of bicycles and its accessories, a known male-dominated sector. It emerged during the discussions that, as a result of the pandemic, about 16% of the

entrepreneurs interviewed (especially in the rural areas) questioned their choice of entrepreneurial activity and contemplated making changes, which they also admitted could be impossible due to their gender. The FGDs with female adult entrepreneurs in rural Northern Region showed similar sentiments about the existence of gender-prescribed economic activities. In the middle belt of the country, for instance, 4 out of the 15 female entrepreneurs interviewed in the rural Ashanti Region wished they had either gone into masonry work or added it to their economic activities but felt constrained because it was perceived as a male activity:

I wanted to buy more wood to sell but couldn't do so during the pandemic because I made use of part of my capital ... If I were to be a man, I am sure I would engage in business here in town. A lot of people are building their houses so I will join them as a mason and make some money too. (Adult female, wood seller, urban area, Ashanti Region)

The same (though in the minority) was observed among the male entrepreneurs: 10 out of 86 male entrepreneurs, especially in

the rural areas, felt food vending and selling foodstuff was more lucrative but feminine:

There are certain businesses that males will be shy to engage in but if a woman sells it, it's normal. For instance, in this community, they like fufu a lot. So, if I was a female, I would have sold cassava and plantain. Female slippers, clothes as well as wigs are not available here so I would have added all that. But as a male, if I add these things the glory of the business will go down, but if I was a female I wouldn't have been shy. (Young adult male, electrician, rural area, Ashanti Region)

Had I been a woman, I would have engaged in petty trading to survive. I would have sold pure water and other vegetables to make money. Those things move very fast and you will get some money from them. (Young adult male, farmer, rural area, Ashanti Region)

Location, however, influenced this observation. Female entrepreneurs (and males) in the urban areas rarely considered gender norms to be a factor in their engagement in specific economic activities. Across the three urban communities

surveyed in this study, only 5 out of 85 male entrepreneurs described their businesses along gender lines. For the rest of the respondents, their gender did not play a role in their choice of business:

If I were a different gender, I will keep to the same business plans and strategies. Your work is your work and so I don't see how a husband will have interfered if I were a woman. I know different gender means different issues but I still think it does not matter much. (Young adult male, cloth seller, urban area, Northern Region)

Being a woman hasn't affected my business aspirations in any way. (Youth female, interior decorator, urban area, Greater Accra Region).

Gender norms do not only constrain female entrepreneurs in terms of their business aspirations, they also increase the double burden on them to tend to their households as well as make the necessary economic contributions towards their needs. As highlighted in previous studies, the pandemic exacerbated the constraints on the time available to the female entrepreneurs of MSMEs interviewed. The closure of schools as a

result of the pandemic, coupled with societal demands on women to provide domestic labour for their households, increased the childcare and household responsibilities of the female entrepreneurs at the expense of their businesses and related aspirations. The concerns of the few respondents (9 female entrepreneurs in rural areas) who alluded to this situation are captured in the following quotes:

The fact that I am a woman has affected the way I aspire to do things as most of my plans are hovering around my children and the family. I don't have many options. In addition, there are certain things that as a woman you cannot do on your own except with permission from your family or husband so you are limited. (Adult female, cloth seller, rural area, Northern Region)

House chores affect my business aspirations, particularly the operations. For example, if not for house chores and also children maintenance; I have taken my products around to sell. I will make good sales. But for the fact that I have responsibilities as a woman, my ability to run around smoothly with my business is affected. (Young adult female, herbal and food processor, urban area, Northern Region)

If I were a man I think it would help because I wouldn't be carrying babies so I would have all the time for my business. Yes, babysitting has affected my business, like this morning I had to wait for the baby to wake up, bath her and send her for weighing at the hospital whilst my shop was closed. (Young adult female, cold store operator, rural area, Greater Accra Region)

In the rural areas of the Northern Region, respondents in the FGD explained that there is a heavy demand placed on women in their localities to look after the household. They suggested that male household heads do little in household upkeep, forcing the women to bear those responsibilities. Because these

women have little support from their spouses, they heavily depend on their businesses to finance their households, so any disruption to their businesses was severely felt. Two respondents in the FGD offered a further explanation to buttress their point:

Women in this community are affected most by Covid-19 because it is from those things (business) that they make money to maintain their homes. Again, many of these small businesses, particularly the informal and micro businesses, are owned by women and so it certainly affected women more. (Adult female, vegetable seller, rural area, Northern Region)

Women have more expenditure than men in this community. This is because many of our husbands are not educated, they don't care about many things. However, it is we the women who want our children to be educated and so these expenditures are left on us. Even some of the men tell us that in future the children will take care of their mothers rather than their fathers. Because we are women, we have huge expenditures but limited options as income from the business goes into maintenance of the home. (Adult female, cloth seller, rural area, Northern Region)

Despite the general disappointments in the delay in attaining business aspirations, due to the Covid-19 pandemic, the female

entrepreneurs had not abandoned or significantly changed these aspirations.

There haven't been any changes in my aspirations, however my inability to save might affect the realization of my aspirations. (Youth female, seamstress, urban area, Greater Accra Region)

I have thought about a number of things that I can add to my business to make it bigger, even before the Covid-19, I just haven't worked on it because of financial constraints. (Adult Female, clothes retailer, urban area, Ashanti Region)

Similar observations were made regarding the business aspirations of the male respondents. Post-Covid, female entrepreneurs need to be supported to chart a new course towards achieving their goals. Secondly, it appears that sociocultural and gender norms that inhibit economic activities were more prevalent in the rural areas as compared to the urban areas. This implies that such norms and perceptions are more entrenched in the rural areas than in the more cosmopolitan urban areas. Additionally, though not explicitly stated in the data, it can be deduced from the narratives that the female

entrepreneurs, if given the necessary training and incentives such as capital, might be more willing to venture into perceived male-dominated economic sectors compared to the reverse possibility for their male counterparts. Given these situations, more conscious efforts must be made towards helping female entrepreneurs, especially in the rural areas, to confront these gender norms where practicable and venture with less restrictions into any economic sector of their choice.

4.1.2 Covid-19 and MSME Performance



Processed shea butter being packaged for the market in Tamale, northern region

It has been argued that MSMEs have been severely affected by the pandemic because they are less prepared for crises and do not possess adequate resources to respond to them, compared to bigger and more established enterprises (Amewu et al., 2020). When the respondents were asked to describe the impact of the pandemic on their businesses, the narratives indicated a negative outcome, connoting some degree of loss for the entrepreneurs. There were similarities in the reported impacts across business characteristics, location, gender and age of the entrepreneur. Almost all the respondents experienced at least one or a combination of issues, which centred around reduction in demand, price hikes of stock, unavailability of stock, temporary closure of business, heavy dependence on savings and business capital, and employee layoffs/apprentice absenteeism. These findings do not deviate from what is in the existing literature with regards to MSMEs and the Covid-19 crisis.

Reduction in demand for goods and services:

A reduction in demand for goods and services was the most common impact reported by all respondents especially during the peak of the pandemic. This situation was attributed to three main issues. The first was the general economic hardship brought on by the pandemic, which saw many business closures, employee retrenchments and layoffs. This culminated in a decrease in people's purchasing power, hence a change in their consumption pattern. Second, the government's restrictions on the movement of people and ban on social activities affected demand for goods and services in general. For businesses, this represented a loss of income. The severity of this impact was not the same across all geographic locations and economic sectors, although no gender variations were detected. The effect of the restrictions on the movement of people was more severe in the urban towns, since this was where the lockdowns were implemented. Further, about 32.5% of the female entrepreneurs whose

businesses were in the event, entertainment, hairdressing and dressmaking sectors bore the brunt of this impact. As explained in the quotes below, this was because their businesses were

directly dependent on the social activities, such as weddings and funerals, that were temporarily banned:

Before the Covid-19 I had four orders I was going to do and they were big events, but a week or two to the event the Covid-19 came and they had to cancel them. It really affected my work because I needed that money to sustain my business. Because I hadn't been in business for long, and because I wasn't able to do those four orders, my business suffered a loss and my job is still not stable because events are still banned. (Young adult female, decorator, urban area, Ashanti Region)

It wasn't easy when the pandemic started. Stores were closed and we were asked to go to lockdown. People's movements were restricted. People were not visiting the salon because there were no activities in town. It is when there are weddings, funerals and parties, that is when we get work to do. Even churches were closed so no one visited us. Sales reduced drastically. (Young adult female, hairdresser, rural area, Ashanti Region).

There were also concerns expressed about consumers' fear of contracting the virus, which affected the demand for goods and services especially in the urban areas of Greater Kumasi and Greater Accra regions. These two locations recorded the highest Covid-19 infection and mortality rates in the country. As alluded to in the Covid-19 literature (Dubey,

Biswas, Ghosh, Chatterjee & Lavie, 2020), there was a heightened fear and anxiety regarding contracting the virus among the general population and they exhibited that fear through various restrictive and obsessive behaviours. Not surprising, therefore, was the hesitancy and precautions that some customers took in engaging the services of these MSMEs:

Prior to Covid-19, I used to get about four or five contracts within three months. When Covid hit, the business slowed down. Even when people needed their homes to be painted, the fear of contracting the virus by allowing strangers into their homes prevented them from reaching out. There were instances where clients had to make my colleagues and I take Covid-19 tests to know our statuses before giving us contracts. (Adult male, painter, urban area, Ashanti Region)

When the Covid-19 came, when someone is coming to buy, the person is afraid because the goods are from China. People were always complaining so you would have to explain to the person that the goods are not infected and you can also wash them before you use. (Adult female, cloth seller, urban area, Ashanti Region)

There were rumours that where the fish is coming from, they have injected Covid-19 into it, so no one was buying. People feared when they buy, they will contract the disease, so you can imagine I will open the shop the whole day and nobody even comes by. (Young adult female, cold store operator, rural area, Greater Accra Region)

Heavy dependency on savings and business capital.

The biggest repercussion of the reduced demand for goods and services was the drop in income or revenue flow for businesses. This compelled all the respondents engaged in the study to turn to their savings and business capital to cover personal and family expenditures. It was deduced from the interactions with the respondents that, before the occurrence of the pandemic, most of the respondents had an inconsistent savings culture, limited sources of income

and inadequate support for their businesses. Therefore, when the pandemic affected their main source of income, their savings and business capital became their main source of sustenance. This was the reality of respondents across all categories of businesses. The situation was so dire for six of the businesses that they had to let their employees go, because they could not afford to pay them. In further emphasising this point, the following explanations were given:

Our capital got completely depleted because we depended on it for survival. Before Covid-19 we could make a savings of about GHS 2,000 in a month. However, since the Covid-19 came this has gone done drastically sometimes to nothing. (Young adult male, stamp producer, urban area, Northern Region)

Because sales were low from the harvest we sent to the market, I was not able to employ or get people to assist with work on the farm. The little we were able to carry to the market is what we make money from. Some of the harvests were left on the farm to rot because I don't have money to pay them. (Adult male, farmer, rural area, Ashanti Region)

Disruption in the supply chain with attendant issues.

Disruption in the supply or flow of goods was a major constraint encountered by businesses during the pandemic, as captured in the quotes below. This was mostly experienced by businesses that were dependent directly or indirectly on imported materials or products. Due to the closures of the borders, imports were severely impacted,

creating a situation of scarcity of goods. Both global and domestic supply chains were disrupted. Those who had stock or inventory took advantage of the situation to increase their prices. Especially in the urban areas of Greater Kumasi and Greater Accra, businesses that could not cope with the rising prices and scarcity of stock temporarily closed down until there was an improvement in the situation:

The raw materials I use for the production of stamps have increased significantly. I used to buy printer s-843 at GHS 20. After the Covid-19 the price has increased to GHS 42. The other materials used for producing stamps have increased so much. For instance, with stamp rubber it was GHS 60 before Covid-19; it has increased to about GHS 110 as the current price. (Young adult male, stamp producer, urban area, Northern Region)

When the Covid-19 hit and especially during the lockdown, the business was very slow because of the restrictions of movement. I couldn't get stock from Kumasi where I source the oil from and my clients also couldn't come to get oil from me. (Adult female, palm oil retailer, urban area, Greater Accra Region)

In the rural areas, respondents experienced the opposite of what those in the urban areas were witnessing. In the urban areas they could not get stock to buy, whereas the rural farmers could not get a market for their produce. This was largely due to the restrictions on movement, which meant wholesalers and retailers were unable to access the markets. Consequently, all the farmers had to resort to selling their produce locally at very low prices to avoid spoilage due to low patronage, a strategy that was not desirable but had to be adopted. Others (two female entrepreneurs

in rural Ashanti) focused on producing just enough food for their household needs, implying food security for the household but income loss for the business. Farmers complained that farm produce sent to the market for sale was constantly returned as patronage had reduced. The restrictions on movement affected the supply chain of these farm products because many of the retailers could not travel to the markets to purchase the goods. Some regarded harvesting and going to sell the product when patronage had dropped as a waste of time.

The Covid-19 has spoilt every business, even with farming when you grew the crops and send it to the market, no one buys them. Those that buy them buy that at lower prices. You barely make enough money to buy fertiliser or even employ anyone. (Adult male, farmer, rural area, Ashanti Region)

When you make the palm oil, getting someone to even buy them is difficult, so you would rather use the money to take care of your children instead of using it to buy palm nut for the oil. (Adult female, palm oil producer and seller, rural area, Ashanti Region)

From the individual interviews and the FDGs, it was obvious that female entrepreneurs in rural areas, single parents and start-up enterprises were more negatively impacted by the pandemic than others. In the case of single parents, the lack of support from a significant other meant they had to provide solely for their families. A disruption to their

businesses, therefore, placed them in a very precarious position. In comparison, female entrepreneurs who were married said their significant partners gave them support, such as money and free labour, which helped them cope with the impact of the pandemic on their businesses.

Because of the lockdown, I was not even going to sell. I have four children and I take care of them myself so I spent most of my capital. After the lockdown was when we started. It was a loan I took to start work again because I have used all my capital during the lockdown. You have children who will eat morning, afternoon and evening so the effects were massive. (Adult female, cloth seller, urban area, Ashanti Region)

Another significant finding that emerged from the study was that the nature of the stock that businesses traded in shaped the impact of the pandemic on the business. Those who traded in perishable goods were at more of a disadvantage compared to those who traded in non-perishable goods. Respondents who traded in frozen foods and groceries in the urban areas, especially in Greater Kumasi and Greater Accra, recounted heavy losses due to

their products expiring during the lockdown periods. At the peak of the pandemic, traders in non-perishable goods could afford to temporarily close their stores due to reduced demand for their products. Though this represented locked up capital, they considered it more desirable compared with those who lost their capital due to the spoilage of their perishable stock:

When the Covid-19 came, things were not easy, the market went down but then we managed to stay in business because the type of goods I sell are not perishable. They can stay for a longer period without going bad. People still purchased the items but not as before. (Adult male, glass-door seller, urban area, Northern Region)

It was sad during this pandemic. In Manhyia, the restrictions on movement were very strict, and people were not allowed to go out. The military was all over town so hardly did I make my sister open the store. Due to that, most of the drinks in the fridge got spoilt. It was bad. (Young adult female, grocery seller, urban area, Ashanti Region)

Owners of start-up enterprises noted the greater severity of the pandemic on them compared to already established businesses. For a significant minority of enterprises that commenced operations just around the occurrence of the pandemic (five enterprises), they were yet to build their customer base

and accumulate any savings to depend upon. This stalled the growth of their businesses and made recovery difficult post the peak of the pandemic. In sharing her experience, an interior decorator operating in the Accra Metro of the Greater Accra Region commented that:

Starting a new business at a time when movements were restricted and only few events were held was tough. I had no job to do. After the lockdown, business became a 'whom you know' affair because everyone was afraid of someone. So, you only get contracts based on trust and the kind of relationship you have with the clients who need the service. Also, people tend to patronise decorators with much experience than the start-ups. (Young adult female, interior decorator, urban area, Greater Accra Region)

4.1.3 Summary: Impact of Covid-19 on Female-Led MSMEs in Ghana

The Covid-19 pandemic has had mixed impacts on the households of women entrepreneurs within the Ghanaian context. In response to questions on how the pandemic's impact on their businesses affected their households, the following issues emerged. Due to the slowdown of business, some of the respondents were able to spend more time with their families. A conscious effort to prioritise the family over the business during the pandemic was also made. In that vein, a number of the respondents channelled their business capital and savings towards providing for their families more adequately.

But there is a high risk that a heavy dependence on business capital and savings to support family needs could lead to the eventual collapse of these businesses. Further, such action could also threaten the recovery or resilience of these businesses post Covid, because the entrepreneurs will have to look for new capital to reinvest in the business, a situation that could make their households worse off in the long term.

The observed impacts of the Covid-19 pandemic on female-led MSMEs in Ghana are not isolated, but fall within the wider global discourse on the situation. The pandemic has undoubtedly aggravated the challenges confronting MSMEs, particularly for women. As supported by evidence from this study and in

line with previous studies, the pandemic has exacerbated pre-existing gendered inequalities and intersecting vulnerabilities for women (Pinet, Sanyu & Youn, 2021; Plan International, 2020; Mpungose, 2020). It is argued that women are more likely to be involved in sectors that are most impacted by the pandemic (ILO, 2020; OECD, 2020). IFC (2021) shows that while over 90% of MSMEs across sub-Saharan Africa are suffering harsh economic impacts due to the Covid-19 pandemic, women-led MSMEs have been especially hard hit, with many reporting revenue losses of over 50%, largely due to their smaller size, informality and concentration in heavily affected sectors.

The evidence emerging from this study has highlighted how precarious these enterprises are in the face of crises, and has brought to the fore the need for stakeholders to re-engage with how female-led MSMEs can best be supported both in crisis and non-crisis circumstances. Drawing from the discussions, crisis preparedness and management within the MSME sector needs to be stressed more.

4.2 Female-Led MSMEs' Response to Covid-19

The weighty effect of the coronavirus pandemic on economies cannot be emphasised enough as businesses grapple to cope and recover from the shocks suffered. Navigating through the pandemic required businesses to adjust and rethink their business models, finances, target markets and approaches to reaching their clients. Thus, the Covid-19 pandemic has been a catalyst for change in both directions—negative and positive—depending on the strategies employed to mitigate the immediate and long-term effects and put the business on a sustainable and resilience path. Thus, the strategies used to cope with the immediate effects of the pandemic are termed coping strategies, whereas the long-term plans to adapt the business into the post-Covid world are considered recovering strategies in this report.

Table 4: Summary of findings from Coping and Adaptation Strategies

Theme 2: Coping and Adaptation Mechanisms in Response to the Pandemic					
Sub-Themes	Gender		Residential Arrangement		Comments
	Female	Male	Urban	Rural	
Short-Term (Coping) Strategies					
Skilled businesses scheduled appointments to decongest the workplace	√	√	√		This was the case for mainly urban hairdressers and barbers during the peak of the pandemic, to regulate the number of people present at a particular time in the salons.

Purchase and sale on credit	✓		✓	✓	In order to remain in business and retain customers, female respondents either bought and/or sold perishable items on credit, but rarely non-perishables. There was no geographic variation.
Renegotiation of contracts with clients (formal)	✓	✓	✓		Some artisans, such as plumbers, painters and decorators, resorted to pre-financing projects and also reducing their service charges in order to get work done. This phenomenon was evident in the urban areas and showed no gender variation.
Adoption of other marketing approaches like reducing prices (informal)	✓	✓	✓	✓	This was a strategy among both rural and urban retailers to make some sales and revenue during the peak of the pandemic.
Loans for refinancing businesses	✓	✓	✓		Mostly urban business owners, regardless of gender, acquired soft loans from available sources to reinvest into their businesses.
Depletion of savings/capital	✓	✓	✓	✓	For all business owners interviewed, there was a total dependence on savings/capital as businesses had to be temporarily closed down or there was a drastic reduction in sales and revenue.
Changes to product portfolio to meet new needs	✓		✓	✓	In the rural and urban areas, respondents added to their core businesses other products and services that better met the needs of customers. This was generally observed among female-led businesses but had no geographic variation.

Online and in-person training	✓	✓	✓		This was rare and reported by urban business owners only.
Long-Term (Recovery) Strategies					
Online marketing (social media purchase/ supply)	✓	✓	✓		Urban male and female-led business owners engaged in social media marketing before the pandemic and even more so during the lockdowns to take advantage of the new normal of faceless transactions.
Diversification of businesses	✓		✓	✓	Female-led businesses diversified to explore opportunities in other markets.

Key: ✓ Definite evidence from data

□ No definite evidence from data or undetected variation

4.2.1 Coping Strategies Employed (Short-Term)



Women at work with a reduced number of workers and quantity of good produced for sale at
New Edubiase, Ashanti Region

In the local context and within the scope of the study, the impact of the pandemic varies mainly across different sectors. Results from the Covid-19 Business Tracker Survey conducted by the Ghana Statistical Service in 2020 showed that, for the surveyed firms, the pandemic led to a reduction in the working hours for close to 700,000 workers, while about 770,000 (representing 25.7% of the workforce) experienced wage cuts. For some business owners interviewed, some of these strategies were employed to decongest the workplace as well as reduce the cost of operation. While businesses in the construction and services sectors were the most affected, those in the financial technology space (mobile money vendors) were able to operate even during

lockdown and periods of restricted movements since their services were considered 'essential'. During that period, the only way to fulfil certain obligations was through electronic cash transfers and withdrawals. For businesses such as interior decoration and retailing of non-essential goods in the urban areas, operations had to be temporarily halted during the peak of the pandemic, with some still struggling to secure contracts post lockdown to revive their operations. This is attributed to the fact that these businesses mainly depend on the frequency of social events, which has been greatly affected by the pandemic. Besides the partial lockdown in Greater Accra and Greater Kumasi, the increased risk and fear of contracting the disease in crowds

resulted in a nationwide ban on festivals, concerts, funerals and such social events. With social distancing and other safety protocols still in place and a ban on some social gatherings not officially lifted, social events that required the services of decorators and event organisers were downsized significantly and have affected those businesses in that space negatively. For entrepreneurs in skilled businesses, such as hairdressing and barbering,

scheduling salon appointments with clients who wished to engage their services, as well as offering a home service, was a way to cope during the peak of the pandemic. This practice, however, has come to stay; the new norm is to keep the salons less crowded and attend to clients in their places of comfort. A female hairdresser in Accra explained:

During the peak of the pandemic, I asked my customers to pre-inform me before coming to the salon. For walk-ins, I only attend to them when the salon is free or schedule another time with them. Some clients also preferred that I attended to them in their homes which I did. These were measures I put in place to decongest the salon while satisfying customers.(Adult female, hairdresser, urban area, Greater Accra Region)

Faced with declining sales, and while still having to meet other financial obligations such as looking after the family, all retail businesses reported a drastic reduction in cash flow and total dependence on accumulated savings. Nonetheless, the need to sustain operations coupled with reduced business volumes led some businesses to buy, stock and sell

products on credit. These credit purchases and selling arrangements stemmed from good customer relations and trust built over the years between retailers and wholesalers and retailers and customers. For retailers of food items, they perceived that it was better to give these items to their customers on credit rather than letting the items expire or rot and be disposed of.

... so what I do sometimes is buy from the distributors on credit and pay later. (Youth female, retailer of electrical goods, urban area, Greater Accra Region)

... I couldn't buy palm nuts in bulk, so I had to buy in small quantities from this community. People were lending the palm nuts to me to produce the palm oil I sell. (Adult female FGD, palm oil producer, rural area, Ashanti Region)

I bought ingredients on credit to start cooking again. (Adult female, food vendor, rural area, Northern Region)

In addition, artisans whose businesses were on a contract basis reported a decrease in the volume of business during the peak of the pandemic and that new contracts after the lockdown came with new requirements and terms. Clients needed their services but lacked the means to immediately pay for them. Again, clients and artisans who had developed good working relationships and trust before the pandemic were able to reach some agreements. While some had to depend on their savings, others resorted to taking loans to

pre-finance such projects. Notwithstanding the fact that such a coping strategy was not entirely favourable for business owners, it remained a contributing factor to their survival. This was the narrative of some painters, a plumber and an aluminum fabricator in the urban areas on how their businesses have survived. This could be attributed to rapid urbanisation and the construction of new buildings in urban and peri-urban centres as opposed to the rural areas.

For some of my clients who needed my services but were cash-strapped, I started working on credit and pre-financing certain contracts with the money I had in savings. By doing so, I have been able to get back some of my old clients and even new ones who were recommended by the old clients. (Youth male, plumber, urban area, Greater Accra Region).

Another coping strategy adopted by businesses was innovating their product portfolios—that is, introducing new products that could satisfy customer needs better than existing products: 73% of businesses that adopted such a strategy were located in urban areas while 27% operated in the rural areas. In both areas, however, it was predominantly female-owned businesses that

were identified as having survived using this strategy. Across the sample, 22 business owners were noted to have adopted this strategy. Out of the 22, 16 of them (representing 73%) were women while the remaining 6 (representing 27%) were men. A female hairdresser's strategy is captured below:

I added new items like hair creams and pomades, second-hand clothes and pure (sachet) water to sell in the shop. This really helped me a lot. At least, people will drink water and I will make money. (Adult female, hairdresser, rural area, Ashanti Region)

Some seamstresses and tailors across the three regions whose businesses were affected by the restrictions on gatherings and events resorted to sewing and selling African print face masks, while some hairdressers also seized the opportunity to fill the void created by increased demand for hand

sanitiser by locally producing it for sale. In the rural areas in the Ashanti and Northern regions, women focused more on farming for consumption and sale when their skills/trade were not profitable at the time:

Since I was already farming, I spent more time on my farm so I could be able to harvest the products and sell them. The hairdressing business collapsed because people were not coming. (Adult female, hairdresser, rural area, Ashanti Region)

For approximately 6% of urban business owners, the lockdown period and subsequent months when business was in recess presented an opportunity to upgrade their skills through online and in-person training. These entrepreneurs took advantage of Internet access and connectivity to learn new skills. This observation was, however, limited to urban business owners only. None of the participants in rural settings indicated learning anything online during the pandemic lockdown. This variation could be attributed to inadequate Internet infrastructure and access in the rural areas. This finding is consistent with other studies that have reported on Internet accessibility in Ghana. Endert (2018) came to a similar conclusion when assessing Internet connectivity in Ghana. This point is also discussed further in detail in other sections in this report.

4.2.2 Recovery Strategies Employed

Some businesses recover from crisis and others do not. While some may decide to close down, others will try to restore their operations by placing more emphasis on marketing strategies to revitalise the businesses and get them back to normalcy (Naidoo, 2010; Notta, 2014). In this study, most businesses were identified as employing more coping than recovery mechanisms. Most of the businesses were necessity-driven, hence the need to keep

them alive to meet basic needs. For the few, especially in the urban areas, whose aspirations went beyond a means of survival, some efforts were made to speed up recovery. This meant responding to customer trends in the new reality.

Online marketing is the new normal for business operations. While the shift to online marketing and virtual sales had already taken off before Covid, the traditional in-person sales approach was still alive and dominant. In recent times, however, there has been an increasing acceptance of online purchasing and sales. In our survey, 16 urban businesses (nine percent) and 2 rural businesses (one percent) either strengthened their social media presence or adopted that strategy, which hitherto was not the case. Out of the 18 businesses identified to have increased social media presence, 56% were female-owned while 46% were male-owned. Recovering post lockdown, some retailers of non-food items in urban areas took to social media to announce their comeback and their participation in online marketing. Not only did these businesses widen their coverage by doing so, they also made a considerable number of online sales. A similar finding was reported in the Netherlands, where sales by online stores in the non-food sector rose by 60-70% in 2020 (Hoekstra & Leeflang, 2020). A female retailer of clothes in Accra Metro emphasised that:

I have resorted to posting online more frequently now and started offering delivery services to people who are unable to come to the shop. (Youth, female, clothes retailer, urban area, Greater Accra Region)

For those in the decoration sector, **more efforts are being put in place to take advantage of digital platforms**. For some businesses, even though contracts were not forthcoming, the need to keep social media accounts active necessitated certain actions. For some, they

Sometimes I do the décor in my house, take pictures and post them on social media so people will know that there's something still going on. I have a chair décor that I do indoors and just put it out there on social media. (Youth, female, decorator, urban area, Greater Accra Region)

Furthermore, in recovering, **the need to have multiple streams of income has necessitated the diversification of businesses—the addition of new products or services that differ from and are unrelated to their core businesses**. For seasonal businesses, such as interior decoration

turned small spaces into exhibition spaces to showcase model decorations and posted them on social media to keep existing and potential clients and potential updated on their capabilities.

I got a restaurant where I was baking their pastries so when it gets finished, they reorder so that's what I was using to sustain myself. I have also started selling cakes personally.(Youth, female, decorator, urban area, Ashanti Region)

Unfortunately, the impact of Covid-19 on small-scale businesses can be more damaging as they have less in cash reserves and a smaller margin for managing such shocks (Bartik et al., 2020; Farrell et al., 2019). In recovering and mitigating future impacts of shocks on businesses, owners need to innovate their business models by identifying new opportunities to pursue to sustain some positive momentum in the business and promote growth. While strategising, there is also the need for business owners to improve their skill sets, connect with customers and develop stronger business relations.

4.3 Female-Led MSMEs, Covid-19 and Digital Technology

Ownership of mobile phones—irrespective of phone type—was found to be high among both female and male business owners interviewed for this study. More than 95% of business owners interviewed indicated that they have a mobile phone. In Ghana, access to mobile phone devices is relatively high (55%) compared to the sub-Saharan average of 44.8% in 2019 (GSMA, 2020b). Despite this, recent statistics indicate mobile phone penetration in Ghana has a significant gender divide, with women trailing men in ownership of mobile phones by 83% to 92% (Afrobarometer, 2020).

Table 5: Summary of Findings on Access and Use of Digital Technology in Response to Covid-19

Theme 3: Access and Use of Mobile and Digital Technologies					
Sub-Themes	Gender		Residential Arrangement		Comments
	Female	Male	Urban	Rural	
Mobile Phone Device Access					
Widespread access to dumb phone	✓	✓	✓	✓	All participants have access to a basic/dumb phone.
Widespread access to smartphone	✓	✓	✓	✓	Widespread access to smartphones in urban areas but limited access in rural areas. Female access to smartphones is significantly low in northern rural areas, driving the gender gap present in the data.
Use of Mobile/ Digital Technology for Business					
Younger women used smartphones for business more than older women	✓		✓		This is driven by the fact that the youth are more digitally inclined than adults
Phones for communication and payments only	✓	✓	✓	✓	Use of mobile for business payments did not show a gender variation but has a significant rural-urban gap.
Advertise on WhatsApp and Facebook	✓	✓	✓	✓	WhatsApp is widely used for business marketing, followed by Facebook. No gender variation was detected.
Advertise and get ideas on Instagram, Snapchat, Jiji, Tonaton, Olx, Pinterest, etc.	✓	✓	✓		These other platforms are used mainly by participants in Kumasi and Accra, but less so by participants in the north and rural areas.

Laptop and other smart devices for design ideas and marketing	√	√	√		This is rare and among participants in the urban areas. No gender variation detected.
Learning new skills/designs/styles via YouTube and Google Search	√	√	√		This is not widespread and was mentioned only by young men and women in skilled businesses in Accra and Kumasi.
Constraints to Use of Digital Technology					
High digital illiteracy	√	√	√	√	Widespread among adult participants—male and female. It is also widespread in rural areas.
High digital illiteracy Poor Internet connectivity and low electricity coverage				√	Poor Internet connectivity is widespread in the rural areas. Not detected in the urban areas.
High cost of Internet (data)			√	√	Affects both urban and rural areas and all genders.
Low access to electronic devices				√	Widespread in rural areas. more severe for women in rural areas of the Northern Region.

Key: √ Definite evidence from data

□ Undetected variation

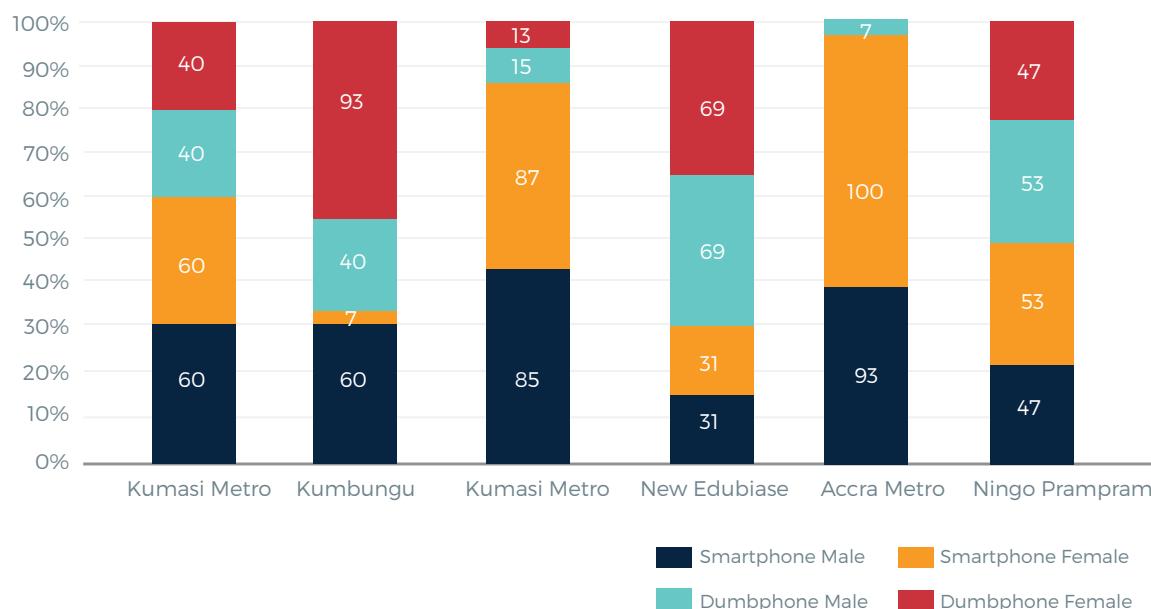
4.3.1 Access to Mobile Phone Devices (Dumb vs. Smartphones)

Widespread access to mobile phones but access to smartphones differs for urban and rural women (and men). In this study, participants operating informal MSMEs—male and female—were asked whether they own a mobile phone and the type of phone (smart or dumb). The responses did not show any variation in access to basic/dumb phones between men and women in the northern (savannah), middle (forest) and southern (coastal) regions. All participants (100%) indicated that they own or have access to a mobile phone that have supported them in one way or the other in business transactions since the onset of the Covid-19 pandemic. While generic access to mobile phones among the study participants did not show any significant

variation by gender and geographic location, access to and usage of smartphones showed a gender divide in northern and southern Ghana and between rural and urban settings. Again, in the Northern Region, there is a gap between rural and urban areas in access to smartphones. Overall, 56% of female participants had access to smartphones compared to 62% of male participants and this difference was driven by the gap in female access to smartphones in the rural areas of the Northern Region. Again, 82% of all participants in urban areas had access to smartphones against 37% for participants in the rural areas. See Figure 2 for the percentage of respondents who reported owning different types of phones at the different study locations and between male and female entrepreneurs.

Figure 1: Distribution of phone ownership by gender and location

Source: PDA Data, May 2021.



Women in the rural areas of the north have more limited access to smartphones than women in rural areas of middle and southern Ghana.

In the Northern Region—in both urban (Tamale Metro) and rural/peri-urban areas (Kumbungu)—the majority of male participants (60%) indicated they own a smartphone. However, female smartphone ownership in the north showed a significant rural-urban divide. While 60% of the female participants in Tamale reported that they own a smartphone, only seven percent in Kumbungu had a smartphone compared to 60% of males.

In the Ashanti Region, however, reported ownership of smartphones did not reveal any gender divide, but rather a rural-urban disparity. In urban Greater Kumasi, the majority of both male and female participants—85% and 87% respectively—indicated that they own a smartphone, compared to just 15% and 13% respectively who indicated that they own only dumb phones. However, for participants in the New Edubiase (rural/peri-urban) area in the same region, only 31% of both male and female participants indicated owning a smartphone. The trend of smartphone ownership observed in the middle/forest region was similar to that of the southern/coastal region. There, smartphone ownership was high in urban Accra (100% for females and 93% for males) and dropped significantly for participants in rural/peri-urban Accra (53% for females and 47% for males) without any observed gender variations.

4.3.2 Utilisation of Mobile/Digital Technology in Business

Mobile phone and digital technology penetration are fast increasing in Ghana with the potential to disrupt many sectors of the local economy, particularly in the area of digital financial inclusion and jobs. As of 2019, there were over 25 million registered mobile money accounts in Ghana, with more than 13 million

of them having access to smartphone devices, and 10.7 million mobile Internet subscribers. Implicit in these statistics is a growing and endless potential to create a buoyant digital ecosystem with enormous benefits for business development, improved service delivery and financial inclusion.

The study sought to understand the use of mobile phones and related digital solutions in business undertakings by female MSME owners in the informal sector. We specifically asked participants how they use mobile phones in their line of work/business. The responses highlight the use of mobile phone and digital technology in several business operational areas—communication, marketing (e-commerce) and digital payments via mobile money. The findings, however, show significant differences in the use of mobile phone technology for business between female entrepreneurs in northern Ghana and their counterparts in the middle and southern regions of the country. There are significant gaps in the use of digital technology by both women and men in rural and urban areas as well.

Younger women use smartphones and digital technologies for business more than older women but the use of mobile money showed no gender and demographic variation.

In rural northern Ghana, 93% of the women interviewed did not have access to a smartphone and did not use digital technology in their businesses. In the urban areas, however, 60% of the young women reported having access to a smartphone for their business, but the adult women mostly had dumb phones. For those without access to smartphones and Internet, they used dumb phones essentially for voice calls to customers to discuss business transactions and to facilitate payments via mobile money to and from customers who sold or bought on credit. A similar account was

reported by male business owners who had access to a dumb phone only. Across the study participants, there was no gender variation in the use of mobile money for business transactions—57% of females and 58% of males indicated they use mobile money for business-related payments. However, mobile money

usage was common in the urban areas (67%) compared to rural areas (49%). The rural-urban gap in the use of mobile money for business transactions can be attributed to the limited mobile connectivity generally in rural areas. Some of these accounts are captured in the extracts below:

I use the phone for communication purposes only. Some of my clients call me and place orders for tea. I don't use Facebook and WhatsApp or any other social media platforms. However, I do mobile money with my phone. (Adult female, food vendor, urban area, Northern Region)

I have dumb phone and I use it in communicating with my clients as well for mobile money when the need arises. (Youth, female, food vendor, urban area, Northern Region)

However, for female business owners in the urban north who had access to a smartphone, in addition to using their phones for basic communication and electronic payments they advertised their business on social media

using their phones, primarily on WhatsApp and Facebook. Some of the participants described their use of digital technology via smartphones as follows:

I have an android (smart) phone. I use my phone to advertise my fabrics on WhatsApp and Facebook for purposes of marketing. I put my fabrics on my WhatsApp status and also on Facebook. I have been called several times by people who have seen my works on social media for business. Some result in purchases while others simply make enquiries. I used to do more of these social media stuff before the Covid and still do more of those things. (Youth, female, kente weaver, urban area, Northern Region).

I use an android (smart) phone and display the goods I sell using social media like WhatsApp and Facebook. You know that now most of us do mobile money. So, I also do mobile money using my phone. (Youth, female, agro-inputs dealer, rural area, Northern Region).

Social media marketing through WhatsApp, Facebook and other platforms is the dominant digital service used for business. In the Ashanti and Greater Accra regions, digital technology in business operations by female entrepreneurs who ran informal small-scale businesses was higher and more extensive than was reported in the Northern Region. In these regions,

digital penetration in business did not show any difference between male and female participants. In addition to WhatsApp and Facebook, young female entrepreneurs in these regions frequently mentioned Instagram, Snapchat, and local e-commerce platforms—Jiji, Tonaton, etc.—as additional online platforms where they sold their products.

I use a smartphone. I use Instagram, WhatsApp and Snapchat to advertise my stuff. I get almost all my customers from the page. I do get ideas from there and from Pinterest. I basically use a lot of apps to get my work done. I use a laptop for my updates too. I would say a lot of people use Snapchat and Instagram for advertisement. (Youth, female, thrift shop owner, urban area, Ashanti Region)

That is what I use for advertisements so that people get to know that I'm into that job. I use social media handles like Facebook, WhatsApp and Instagram. I take the pictures, post it and add a location where you did it. It also helps with advertisement and you can write about the other services you provide and where you are located. (Youth, female, decorator, urban area, Ashanti Region)

Lack of digital skills is a major constraint to digital participation for older women (and men) due to their limited levels of education. For the older women across the study communities that reported having access to smartphones and the Internet, most of them stated that they had limited knowledge in digital literacy and applications, and this was related to their level

of formal education. While a limited number of them could use WhatsApp and Facebook for advertising their business, others indicated they relied on their children or third parties to post their products online (on social media), which limited their ability to effectively use digital technology.

I have posted a number of my things on olx before. But I can't do it (myself), so I ask one of my children to do it for me. Since I can't do it and my phone is not so good for it, I don't use it constantly and even when I get it too it's only through help that I can do it. I think ecommerce is a way to broaden my business since I will reach a bigger audience. (Adult female, decorator, urban area, Ashanti Region)

Using digital technologies for business was more common among the youth, who also reported higher levels of education than the adults, and generally among those with formal education irrespective of age and gender. The level of digital literacy was strongly associated with the level of formal education completed among the study participants. Participants who had up to secondary education reported greater ability in using digital technology more efficiently and independently for their business operations. These observed trends in the reported responses are well documented in the literature on digital skills and use in SSA. For example, according to the 2020 Afrobarometer survey, higher educational attainment may be correlated with digital skills or digital literacy, which is an important factor in digital technology engagement or penetration. Therefore, bridging the access to education gap is a significant prerequisite for improved digital literacy and usage for women and the general population.

Aside from marketing, **YouTube and Google are patronised for learning purposes.** Apart from using digital platforms for business development, some young people in skilled

professions like hairdressing, fashion design, interior decoration, etc. indicated that they relied on the Internet to learn new skills and styles/designs to enhance their business. This was usually via YouTube and Google Search.

4.3.3 Constraints to the Use of Digital Technologies

While digital technology penetration in Ghana is among the highest in the SSA region, there are context-specific constraints that threaten its universal accessibility. The main challenges to digital connectivity reported by female entrepreneurs interviewed for this study across the regions are discussed below.

Digital illiteracy. Illiteracy (digital illiteracy) was reported by women as a major hindrance to the effective use of digital technologies for business purposes. This was also true for men. Older women with low levels of formal education reported low levels of digital literacy and ability to effectively use digital technologies for business. This was described in the interviews by some participants as follows:

Because I am not able to read and write, I can't use WhatsApp and Facebook to send pictures as people do. My daughter uses the phone a lot when she comes back from school. (Adult female, hardware dealer, urban area, Ashanti Region)

Digitisation is an issue. First, many women are not literate and it is worse with older women. Secondly many women do not own android (smart) phones. Another challenge in the rural areas is poor Internet connectivity. (KII, Camfed Ghana, Kumbungu)

In previous studies, poor literacy and digital skills have been cited as the greatest barriers to mobile Internet use for women in Africa (GSMA, 2020b; World Wide Web Foundation, 2020) and this was further confirmed in this study. To bridge the digital skills gap for a more inclusive digital transition, policy and programming interventions need to focus more on capacity-building in basic digital skills for women in the informal economy space and for those in rural communities.

Poor Internet connectivity in rural areas.

The unequal distribution of mobile Internet infrastructure also prevents many women in rural areas from accessing mobile phone services and the Internet. This experience was shared by some study participants mainly in the rural and peri-urban communities. Some of the Internet connectivity challenges described by participants are captured in the extracts here:

Sometimes the network is not good since morning you could switch on your data and wouldn't get any message because of the network. (Youth, male, entrepreneur, rural area, Greater Accra Region)

I have problems with my network and there are frequent power outages so my phone is usually off. (Youth, female, agribusiness, rural area, Ashanti Region)

This finding is further corroborated by existing studies that report a significant lag in infrastructure distribution that would enable reliable and affordable Internet connectivity in rural parts of Ghana, compared to urban areas (World Bank, 2019). Across SSA, the use of mobile Internet in rural areas trails behind usage in urban areas (GSMA, 2021a). Being located in urban areas and having a higher educational attainment are key determinants for MSME engagement with digital technologies. Urban areas in Ghana are more likely to have infrastructure that enables relatively affordable and reliable Internet connectivity.

High cost of Internet (data). The high cost of Internet data is a major hindrance to digital penetration in Ghana. Several reports on Internet affordability in Ghana have come to this conclusion. The Alliance for Affordable Internet(A4AI) 2018 report confirmed that Ghana has yet to meet the affordability target of '1 for 2'—defined as 1 GB of data for no more than two percent of one's monthly income. This target is more acutely needed for rural populations who typically have lower incomes than their urban counterparts (World Bank, 2019). Data cost was also mentioned by many participants in this study as a major challenge to the sustainable use of the Internet for business activities. Some the experiences shared regarding the cost of Internet are captured below:

The bundle is very expensive. After the lockdown, bundles no longer lasts as it used to. (Youth, male, metal fabricator, urban community, Ashanti Region)

Data is very expensive but cannot be done away with if you want to promote your business on social media. There is always the need to monitor the account. It is something I budget for though. (Youth, female, interior decorator, urban area, Greater Accra Region)

Box 1: a young female interior decorator shares her use of internet for business advertisement

I have a smartphone and access to the internet. That is what I use for advertisement so that people get to know that I'm into that job. I use the social media handles like Facebook, WhatsApp and Instagram. I take the pictures, post them, and add a location where I did it. It also helps with advertisement and you can write about the other services you provide and where you are located. I also use it as an opportunity to tell a friend to tell another friend. I tell them to help me post about my job so that if someone from their contact needs my services, I can provide it. I usually tell my friends that I'm into the job. When I come online, I am able to learn a lot of things about the job. I watch videos from YouTube and other social media platforms.

When I post online, I am able to reach out to a large number of people and even those I don't know are able to reach out to me and share my handle when they like what I did. There were also times where other interior decorators gave me feedback on the work I do. Some tell me what I should do and what I should avoid to help with my business.

The only problem is the credit for bundle because you need a lot of credit if you want to post pictures online frequently. You have to be consistent and always remind people that this is the business you are doing.

4.4 Female-Led MSMEs, Covid-19 and Financial Services and Safety Nets

This section of the report discusses the nature of support received by female-led MSMEs during the Covid-19 pandemic, the availability

and accessibility of social safety nets, the use of these supports as well as the constraints pertaining to them.

Table 6: Summary of Findings from Access and Use of Financial and Safety Nets

Theme 4: Access to and Utilisation of Financial and Safety Nets		
Types of Support	Channel of Support	Comments
Government (Coronavirus Alleviation Programme Business Support Scheme (CAPBuSS))	Ghana Enterprise Agency (GEA) or National Board of Small-scale Industries (NBSSI)	<p>Applications from some participants were unsuccessful (or received no response). Successful MSME applicants received about GHS 2,000 in loans.</p> <p>There was very limited knowledge about other forms of government support available to participants.</p>
Private or non-governmental	Informal financial institutions (Savings and credit unions), MasterCard Foundation, Camfed, Artisan Association of Ghana	<p>Prior saving or association with them or their agents was a requirement.</p> <p>Savings groups or associations could use their collective entity as a guarantee for loans from formal financial institutions for their members in need of credit.</p> <p>Participants generally refrained from getting loans from formal financial institutions because of the biting interest rates and cumbersome loan acquisition process that often make most of them ineligible.</p> <p>Those who have taken the loans shared their harrowing experiences of the high interest rates and how unsustainable they were for their businesses.</p>

Loans from telecommunication companies	MTN Mobile Money	Mobile money accounts and SIM cards are used as a guarantee for flexible quick loans in Ghana. Payment is done via remittances through the mobile money account.
Non-financial support (direct and indirect)	Family, friends, NGOs	These included business advice, assistance with a business plan, emotional support, free labour, advertisement through word of mouth and social media, training in the technical and vocational skills needed to diversify business, etc.
Informal financial support	Close associates, family and friends	Easy, readily available, flexible and often interest-free, but limited and required substantial social capital.

4.4.1 Nature of Support

Ntiamoah, Li and Kwamega (2016), Adom et al. (2018) and Isago (2019), among other scholars, in their studies highlight a financial gap as a major problem faced by MSMEs, irrespective of the low-capital requirement to start such businesses. In that regard, finance is a major need for MSMEs. Sanya and Theuri (2016) showed that non-financial support contributes to the growth of MSMEs and hence forms part of their needs. In view of this, Cudjoe, Omuksu-Ansah and Poku (2017) indicated that access to finance by MSMEs is crucial but not sufficient for business success, because non-financial resources and support are also required. Broadly, data from the study sites in the three regions affirmed that both financial and non-financial support were received by the MSMEs interviewed when Covid-19 hit. Although not all MSMEs benefited, the evidence indicates that beyond financial support, non-financial supports positively impacted business growth

and development. Geography and gender did not exhibit any variation in the financial and non-financial support accessed by the MSMEs that participated in this study.

Financial support received by MSMEs included loans with little to zero interest, depending on the source. Approximately three percent of the total participants, comprising three men and two women in urban areas only, indicated that they had received soft loans from the Government of Ghana's Coronavirus Alleviation Programme Business Support Scheme (CAPBuSS) through the Ghana Enterprise Agency (GEA), formerly called the National Board of Small-Scale Industries (NBSSI). CAPBuSS is a Covid-19 relief programme that earmarked USD 172 million, the equivalent of GHS 1 billion, to be disbursed to provide some safety net for MSMEs affected by Covid-19. CAPBuSS loans are repayable within two

years with a three percent interest rate after a one-year moratorium. From the office of the GEA at Kumbungu, 280 individuals or MSMEs benefited from a package of GHS 300,000 under the NBSSI Covid-19 relief package (Key Informant Interview with NBSSI Representative,

Kumbungu, Northern Region). Although 22% of rural and 19% of urban participants revealed that they had applied but were not successful, the few who were successful had the following to say:

*I received GHS 2,500 as loan from the government's Covid-19 relief programme.
(Youth, female, fashion designer, urban area, Ashanti Region)*

I received GHS 1,800 from the NBSSI Covid-relief fund which I added to my money to restock. (Adult female, footwear seller/retailer, urban area, Greater Accra Region)

Apart from the Covid-19 relief programme initiated by government, 14% of urban participants (seven women and five men) and six percent of rural participants (three women and two men) indicated that they had accessed loans from formal and informal financial institutions, which included savings and credit unions, or benefited from some financial packages from non-governmental organisations (NGOs), such as Mastercard and Camfed and trade associations such as the Artisan

Association of Ghana. The ten percent of total participants who were able to access loans from these institutions were either saving with them or had accessed the loan as a group or through a group, whereas beneficiaries of financial packages from NGOs were somehow affiliated or had some relationship to the said NGO. Thus, having pre-existing relationships with any of these institutions increases one's chances of accessing such relief support or loans.

I had a support from Artisan Association of Ghana (AAG). I had a loan of GHS 3,000. I needed to support my shop because of the effects of the pandemic. It is interest-free and payable in a year. (Youth, male, electrical shop owner, urban area, Ashanti Region).

I went for a loan from credit union to diversify into the sale of fabrics and second-hand clothing when Covid-19. (Adult female, seamstress, urban area, Northern Region).

Approximately three percent of the participants also disclosed that had been able to access 'quick' loans from telecommunication

companies through the mobile money platform. A young woman who sells second-hand clothing online said:

I take quick loan from MTN, but I wouldn't go to a bank for a loan. I just don't like the bank loan. I feel it collapses businesses, so I wouldn't go for it. (Youth, female, online second-hand clothing seller, urban area, Ashanti Region)

It was identified that family and friends also provided financial support to MSMEs. About four percent of participants revealed that they had been able to acquire interest-free loans from family and friends as this means of

accessing finance was easy, readily available, flexible, and required no interest payment. Some quotes from participants in relation to these findings are:

I borrowed from my brother to start up the business again because I spent my capital and little savings after sitting at home during Covid-19. I borrowed from my brother because the loan was easily accessible, and I do not have to pay interest. (Youth, female, food vendor, rural area, Northern Region)

A friend of mine offered me part of his savings to use in running my business and we agreed that I will pay him back when he needs it. I accessed this loan because it was readily available, and my friend didn't demand for interest from me. (Youth, male, mobile money vendor, rural area, Northern Region)

The second category of support received by MSMEs was non-financial support. This kind of support was sourced from family, friends and NGOs. Smart (2007) identified advice and consulting, sharing of information and transfer of skills and knowledge through training as forms of non-financial support available to MSMEs. The non-financial support accessed

by approximately 23% (31% urban and 17% rural) of the MSMEs interviewed included information support (business advice and plans), emotional support (words of affirmation and encouragement), labour support (assisting with business activities without pay) and training in technical and vocational skills for diversifying into other businesses.

My husband assisted me in the business. He sometimes come to sit with me at the shop to sell when he closes early from his workplace. (Youth, female, wood seller, urban area, Ashanti Region)

I got help from family and friends. Friends did the advertisement for me by posting my stickers on their motor bikes, vehicles and posting on social media (Facebook and WhatsApp). While my family member provided me with starch and softeners to sell during the peak of the Covid-19 until now. (Adult male, laundry owner, urban area, Northern Region)

I get labour support from my younger sister. Friends refer me to others, serve as a source of motivation, and provide feedbacks on my services and products. I have friends who also pay for my skill training. (Youth, female, snack seller, urban area, Ashanti Region)

An NGO came to teach us how to bake bread and cake. (Youth, female, food vendor, rural area, Ashanti Region)

Apart from the direct financial and non-financial support, seven percent of MSMEs received some form of indirect support from close relations, specifically family and friends. This support is termed indirect because the original intent of giving it was not to impact the business. However, it is plausible that the indirect support in the form of feeding, accommodation and money from close relations could have positively impacted MSMEs. This may be so because it was observed

from the three regions that in cases where the owner of the MSME was the breadwinner, there was much pressure on the business as the daily income was used to look after and manage the home. Therefore, MSME owners who benefited from forms of indirect support, whether in cash or kind, were likely to be better off than others who did not receive such indirect benefits. Some responses capturing the indirect support received from close relations are:

My family is the one that was buying food for me to eat but I didn't receive any help with my business. (Youth, female, fashion designer and interior decorator, urban area, Ashanti Region)

I was receiving financial support from my brothers to feed on, but not for my business. He gives me the money because we are family. (Adult female, food vendor, rural area, Ashanti Region)

4.4.2 Access to Financial Support

Inadequate financing options persist as a financial gap among MSMEs. About 69% of the participants affirmed that they had desired financial support (money) to either revive or expand their business but had not been able to access it. Several factors that hindered the access of MSMEs to loans were identified. These included high interest rates, loan tenure, slow business, the loan application process and the demand for collateral. The participants explained that the interest rates charged by financial institutions were excessively high and could lead to the collapse of their business. In addition, the prevailing business environment was 'slow', meaning unfavourable, due to the low demand for goods and services that resulted from the pandemic. This made it difficult to pay back loans, coupled with the fact that the loan tenures were not flexible or favourable. Some participants indicated that the loan acquisition process was long and difficult to complete, and collateral was

required. These challenges were particular to informal MSMEs and did not vary with business location, type or gender: about 32% of rural and urban participants, male and female, each reported these challenges. Even though there were no gender-based systemic barriers to access credit, because informal MSMEs with no registration and credit history are dominated by women, they (women) were more likely to face this constraint than men. This conclusion is partly supported by several study findings. According to the International Finance Corporation (IFC), unregistered, or informal, businesses have faced particular challenges in accessing support from financial service providers or their governments during the pandemic (IFC, 2021). Wellalage and Locke (2017) have also argued that women face greater difficulty accessing external funds than men. Here are some quotes from the participants.

The bank's interest rate is too high, and besides, people are not buying things so it will become difficult to even pay back. Honestly, I am not interested in collecting loans because the interest rates charged by the bank is ridiculous. (Youth, female, provisions shop owner, urban area, Ashanti Region)

If you take loan from the rural bank in the area, you will run out of town. The interest rate is high and the term of payment is not good. The loan is paid weekly and there is no grace period. If they give you GHS 1,000, the bank will deduct GHS 100 as commitment fee. We call it 'kakaduro' (ginger) because you start paying back the very week you are given the loan. (Adult male, agro-chemical and provisions shop owner, rural area, Northern Region)

Due to the financial needs of small businesses amidst these challenges, the participants indicated that they would have preferred to access the government's CAPBuSS scheme as the interest rate was low and the repayment period was favourable. However, many could not access the relief package even though they had applied. Accessing the relief package required the business to be registered with the GEA and to belong to a trade association or group. Participants indicated that they had completed all the requirements given,

which included registering for a Taxpayer Identification Number (TIN), opening bank accounts and completing a loan form, yet they did not receive the loan. The limited or no access to CAPBuSS and loans from formal financial institutions echoed the financial exclusion of MSMEs in the informal sector, hence the reliance on informal financial opportunities which, even so, were unable to fully address the financing needs of these businesses.

No support from government schemes. With the government Covid-19 relief programme we were encouraged to do TIN which cost us GHS 20 and yet we still did not get the money. We were promised but up to date we did not get the help. (Adult female, liquid soap producer, rural area, Northern Region)

I think the interest rate and procedure for these loans are outrageous and I would want a loan from a friend instead of the bank. A loan would be my last resort. (Youth, female, snack seller, urban area, Ashanti Region)

The financial and non-financial support received by MSMEs enabled them to keep their business in operation during the pandemic.

Through the financial support received, MSMEs were able to invest capital into their businesses mainly to acquire more stock.

I went for the loan to expand my business. Bought more goods into the store to sell. (Adult female, provisions store owner, rural area, Ashanti Region)

I decided to use the GHS 2,500 from the Covid-19 government relief initiative to buy kente and sell. (Youth, female, fashion designer, urban area, Ashanti Region)

4.4.3 Constraints

Apart from the given factors that inhibited MSMEs' access to financial support from financial institutions, other constraints included a lack of knowledge and awareness, self-exclusion and negative perceptions about financial support, specifically loans. Similar to the findings of Nordhagen et al. (2021), evidence from the data shows that Covid-19

had a ripple effect. Participants explained that they had struggled to solicit support for their businesses, especially from close relations, due to the negative impact of Covid-19. As a result, asking for support was either not an option or assistance was not provided most of the time. Some responses that reiterated this finding were:

I felt everyone was affected by the Covid-19 pandemic so I did not ask either my friends or relatives for money. (Adult female, provisions store owner, rural area, Ashanti Region)

I did not receive any support from family or friends. The Covid-19 pandemic affected everyone, and no one has the money. I asked for assistance, but no one gave me money or any assistance. (Adult female, salon owner, rural area, Ashanti Region)

Since the inception of MSMEs in Ghana in the 1970s, many support schemes from government and donors, such as the Fund for Small and Medium Enterprise Development (FUSMED), Business Assistance Fund, Ghana Investment Fund, Promotion of Small and Micro Enterprise Fund, and Revolving Loan Fund, among others, have been established. Yet a finance gap and the inaccessibility of financing for small businesses is still a major problem to MSMEs in Ghana (Abor & Biekpe, 2006; Adom et al., 2018).

This is partly because of the lack of knowledge and awareness on the part of the MSMEs, due to inadequate and ineffective marketing communication by the finance providers (Abor & Biekpe, 2006). Hence, apart from bank financing, which is mostly difficult to access, most MSMEs do not benefit from other support schemes. This was affirmed as participants largely indicated they had not received any business support because they had been unaware of the existence of such support for MSMEs.

I haven't heard of any assistance from the government. I would have applied for it. (Adult female, bicycle accessories seller and repairer, rural area, Ashanti Region)

The fact of applying online was a challenge for many people and this technically knocked out many people, particularly women. (Key informant interview with NBSSI representative, rural area, Northern Region)

In addition, 6% of the participants refrained from accessing financial support such as loans because of the fear of denial and the negative

perception or misconception about loans. Some responses relating to this finding were:

'The tag that I have gone for a loan is even a reason not to go for it.'(Adult female, printing press and café owner, urban area, Ashanti Region).

'I did not even try to access any funds because I learnt that it is not best to start up a business on loans. (Youth, male, electrical engineer, urban area, Greater Accra).

I felt that I had a very low chance of receiving the loan. At a point where my businesses were at a standstill, the fear of being denied the loan prevented me from accessing it. (Youth, female, décor business owner, urban area, Greater Accra Region)

4.5 Recovery and Resilience Post Covid-19:

Lessons from Female-Led MSMEs in Ghana

While economies and businesses are yet to recover fully from the devastating impact of the first wave of the Covid-19 pandemic, there are reports of second and third waves of infections and new variants of the virus emerging amid advancements made in terms of vaccine production and deployment. The uncertainties surrounding the Covid-19 pandemic creates an unsettling environment for businesses to operate within. Regardless, businesses, especially MSMEs, must take steps to adapt to their new environment. Resilience, as operationalised in the context of this study, focuses on the ability of MSMEs to survive and continue to thrive against the threats posed by the pandemic to their businesses (Mastercard Foundation, 2020). In line with that, the study examined how the respondents made use of the support and resources available to them to recover from the pandemic and build the resilience of their businesses post Covid-19. Although the country still has cases of Covid-19, the infection curve at the time of the study

had dipped and restrictions on movement had been eased. Although some sense of normalcy was returning to the business environment, recovery was slow and uncertainties remained.

4.5.1 Support and Recovery of Female-Led MSMEs in Ghana

Financial support is critical for business recovery. The preceding discussions have highlighted the nature of financial support that was available and easily accessible to MSMEs in Ghana during the pandemic. More important was the availability of avenues to secure funds from family and friends. Family and friends remain a critical source of support of MSMEs (Wolf & Frese, 2018). Because MSMEs have difficulty securing funds from financial institutions, families and friends can be relied on for more flexible loans when the need arises. Although there were some concerns about the adequacy of the support and the challenges in obtaining it, its relevance was not in doubt. Respondents who had access to this form of financial support, regardless of their gender, location or business size, similarly utilised it. The accessed funds were used to buy goods to restock the businesses as indicated below:

The loan support I had from the bank really helped me a lot. I was able to buy goods for the shop. (Young adult male, carpenter, rural area, Ashanti Region)

I borrowed from my brother to start up the business again because I spent my capital and little savings after sitting at home during Covid-19. I borrowed from my brother because the loan was easily accessible, and I do not have to pay interest. (Adult female, food vendor, rural area, Northern Region)

This was important in the recovery efforts of the entrepreneurs as most of them had used their capital and savings on personal expenditures during the peak of the pandemic. Hence the ability to secure funds, which is an important

resource for MSMEs but the most challenging for them to access (Wellalage & Locke, 2017), contributed to keeping these businesses in operation.

The role of non-financial support cannot be dismissed in MSMEs' recovery process.

From the study, no variation was not seen in terms of female and male entrepreneurs' access to and use of their social capital to keep themselves as well as their businesses afloat. Social capital, which focuses on the value embedded in networks and relationships available to individuals (Putman, 1993), has been identified as an important element in the entrepreneurial process. It has been suggested that these networks and relationships enable entrepreneurs to access diverse resources, which was evident in this study. This non-financial support also contributed to preventing the total collapse of these businesses. While some of the respondents had relied on this

support to sustain themselves during the peak of the crisis, others had relied on it to directly benefit their businesses.

Of the two types of social capital, it was the bonding social capital that exists at the individual level (family and friends) that the entrepreneurs mainly relied on. In the case of female entrepreneurs, family members provided unpaid labour to their businesses when the business owners could no longer engage and pay their employees. Two male entrepreneurs also got accommodation and food from their networks to sustain themselves during the pandemic. Two respondents noted the following:

The rice business is not moving as it used to. I get support from my children instead of employing someone. I used to have about five people working with me. After the Covid, people were not even buying the goods I was selling. I also had a family to cater for, so I couldn't keep employing people to work for me, my children had to support me. (Adult female, farmer, rural area, Ashanti Region)

It is only my husband who assisted me in the business. He sometimes comes to sit with me at the shop to sell when he closes early from his workplace. (Adult female, wood seller, urban area, Ashanti Region)

4.5.2 Significant Stories of Change for Recovery and Resilience of Female-Led MSMEs in Ghana.

Since the onset of Covid-19, both female- and male-owned MSMEs have had to adapt to the sudden changes. This is not unusual for MSMEs, which have been known to adopt strategies including deferred investments, reduced labour cost and expenses and cash flow management to strengthen their resilience in crisis periods. But the nature and duration of this crisis was unanticipated by the respondents, hence they had to rely on more stringent strategies to keep their businesses afloat. The female-led business owners made two main changes with regards to their businesses during the pandemic. The first concerned their attitude, while the other was in terms of their business operations.

A lot of changes have occurred. At first, I used to like going out to have fun. But now even when I don't have any work to do, I don't go out, I also don't allow friends into my shop (Young adult female, hairdresser, urban area, Ashanti Region)

Operational changes.

Changes that most of the business owners made operation wise included the introduction of credit sales, diversification of business, and improvement in customer relations. About seven percent of the female entrepreneurs had to engage in selling their wares on credit to known customers, something they were not doing before the occurrence of the pandemic. With a flexible payment plan agreed on with the customers, the business owners were assured of some level of cash flow into their business. Others (approximately 65%) saw the need to diversify their businesses and pursue other sources of income to reduce their level of dependence on their business capital and savings. This appeared to be a very common strategy adopted both in the rural and urban

Attitudinal change

The impact of the pandemic on MSMEs has compelled the owners to make notable changes to their attitudes regarding their business. A significant majority of the respondents (93%) engaged in this study indicated they had to cut down on their expenditures to save money to keep their businesses going. This was important but very challenging as the respondents had very limited sources of income:

areas. Respondents who diversified their product offerings chose products, mostly daily consumables such as water and food and other products that were likely to be patronised by people within their localities.

The relevance of keeping a good customer base and maintaining good customer relations came in handy. Those who had the contacts of their customers periodically called to check on them and inform them about the availability of their goods and services. This was more common among those who provided skilled labour such as hairdressers and seamstresses and also clothing sellers, especially in the urban areas. These women's access to mobile phones aided their implementation of this strategy.

The general success noted across all the narratives in this study was the fact that none of the businesses surveyed failed to resume operations after the peak of the pandemic in Ghana. Although all the respondents acknowledged that recovery was slow, they were not totally out of business. This may be attributable to the size of these businesses which may have been more flexible to adapt to change. Recovery was however faster for businesses that were into food vending or provided goods and services to students post the lockdown period.

4.5.3 Lessons Learnt

When asked what lessons they had learnt in recovering and building the resilience of their businesses post the Covid-19 lockdown period, the following lessons were shared by the respondents. The first and most significant lesson that all the respondents alluded to was the need to increase savings from the business. The pandemic has made the respondents realise that a crisis of such magnitude could occur at any time and halt their operations. This was something some of them had never thought of. Thus, they recognised the need to save more and spend wisely on business operations.

I have learnt that we should live wisely and not spend lavishly because you don't know when an emergency would arise. (Youth, female, food vendor, rural area, Ashanti Region)

Finally, was the lesson to improve upon product quality and design to attract more customers. For respondents who worked as dressmakers and decorators, they noted that the quality of one's product would give the business owner a competitive advantage.

Nevertheless, all the respondents indicated that they would require financial assistance either in the form of a grant or loan to build the resilience of their businesses. This was a reiteration of the relevance of funds to the functionality of these MSMEs. In addition, those residing in the rural areas and are engaged in farming activities laid emphasis on farm inputs in the form of fertiliser, seeds and farming implements.

The Covid-19 pandemic exposed and exacerbated the vulnerabilities of MSMEs. At the peak of the pandemic, a number of the enterprise owners especially in the rural areas interviewed initially adopted a 'wait and watch' attitude, since some admitted they did not know how else to respond. This brought to the fore the need to support such businesses to be more resilient to current and future threats. In building the resilience of these businesses, attention has to be paid to the capital asset stock as well as the adaptive capacity of the entrepreneurs as well as the enterprises. Ultimately, MSMEs should be supported to develop business continuity plans to enable them to be more resilient to threats and crises.

5. CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Since late 2019, when the first cases of the novel Covid-19 were reported in Wuhan, the world has witnessed a rapid spread of the virus, with millions of confirmed infections and deaths and all sectors of the global economy having been impacted (WHO, 2020). Consequently, nations globally, including Ghana, have implemented diverse strategies in the quest to contain the virus. Among the measures, restrictions on people's movement, the closure of land and air borders, bans on social gatherings and related activities and the closure of schools have had dire consequences for economies and particularly the economically disadvantaged (Park, Villafuerte & Abiad, 2020). Given the instrumental role played by MSMEs in employment creation and supporting local economies, and the evidence of the impact of the pandemic on these vulnerable enterprises globally (Shafi, Liu & Ren, 2020), this study sought to explore how women-led MSMEs within the Ghanaian context, in particular, were affected. The study specifically delved into the impact of the pandemic on female-led MSMEs in the informal sector, their coping and recovery strategies, their access to financial and safety net reliefs and their access to and utilisation of mobile and digital technologies to promote their businesses and build resilience. Using evidence from literature and qualitative in-depth interviews from three regions and six districts in rural and urban settings, the study has highlighted the following findings and conclusions.

1. While the Covid-19 pandemic affected every sector and business type, MSMEs operating in the informal sector were the hardest hit due to their fragile nature and lack of reliable support to cushion them in an emergency situation, like the pandemic. These businesses also did not have any crisis management plans in place, which meant that the pandemic negatively impacted them even further. While both male- and female-led businesses were affected by the pandemic and did not show much variation among the participants interviewed for this study, there is adequate evidence in the literature to conclude that female-led businesses are more affected in the informal sector since the sector is dominated by women. At the same time, the women's businesses were in sectors that were hit hard by the pandemic. Also, women's additional responsibilities in the home affected their adaptability and coping strategies.
2. Most female- and (male)-led businesses in the MSME sector did not benefit from formal relief and safety net packages from the government and private institutions. This was mainly due to the fact that the majority of such businesses could not meet the qualifying criteria, which required some form of registration, affiliation to an association/group and a tax identification number (TIN). While some respondents indicated that they were registered for a TIN, opened bank accounts and filled forms for the government relief package, most of them were yet to receive any feedback on their applications while others had been

informed via their mobile phones that they had not been successful. For this reason, most of the women in this space relied on support from family, friends and informal networks to navigate the economic shocks of the pandemic.

3. Access to mobile phones was high among the study participants—almost every participant interviewed had access to at least a basic phone. However, access to smartphones showed disparity between rural and urban areas, with participants in urban areas owning more smartphones than those living in rural areas and participants in the rural areas of northern Ghana reporting the least access to smartphones. Again, access to smartphones was also higher among participants in southern Ghana than in the north. Similarly, the use of digital technologies in business operations—primarily for marketing on social media and digital payment through mobile money—was common in the urban areas and less common among businesses in the rural areas. Digital technology penetration was high among young people who are also more educated than the older people. Where people had access to smartphones, this aided their coping and adaptation strategies as they were able to market their products and transact online.

4. The effective use of mobile and digital technologies is hindered by a lack of digital skills (digital illiteracy), poor mobile and Internet infrastructure/connectivity in rural and urban fringes and the high cost of data. Digital skills were also found to be strongly linked to the level of formal education.

5.2 Recommendations/Way Forward

- **Improve access to finance and financial services through tailor-made and flexible financing products for MSMEs.** Financial institutions, especially those in the formal sector, should consider designing specific financial packages that serve the particular needs of MSMEs that have no credit history or collateral to secure mainstream financing products. For example, based on the characteristics of MSMEs, special interest rates could be charged on loans to them and a simple and easy procedure for acquiring such loans could be devised. The government, through its agencies like the Ghana Enterprises Agency (GEA) and Microfinance and Small Loans Centre (MASLOC), as well as state-owned business-oriented banks—National Investment Bank and Agricultural Development Bank—could work together to mobilise, register and deliver appropriate financing schemes for this category of business.
- **Sensitise MSMEs and promote the necessary business registration to them to improve their access to financing and relief packages.** Most MSMEs struggled to meet the requirements needed to access the CAPBuSS, even though most businesses tried to register to qualify for it after it had been announced by the government. For this reason, the GEA and MMDAs need to sensitise MSMEs and encourage them to register their businesses in their localities to improve their chances of accessing government and non-government business support services. This would also help ascertain accurate and reliable data on

MSMEs and regularise their operating environment, and thereby promote their inclusion in services programming. For example, the business registration certificates could serve as collateral for accessing loans from formal financial institutions. Having MSMEs registered under the GEA umbrella would also promote effective communication (information sharing) between the GEA and MSMEs.

- Prioritise digital skills training to bridge the digital skills gap and to promote digital technologies penetration among MSMEs.**

Both government and non-governmental agencies with a focus on digital transformation need to look at the specific needs and skills gap of most MSME owners, which is due mainly to low levels of education. Therefore, policy and programmes promoting digital penetration need to design appropriate digital literacy interventions for female- and male-led MSMEs to ensure they are not left out of the digital inclusion and transformation agenda and to help promote their businesses. Training must also be given with regard to the potential and challenges of digital technology use, such as cybersecurity, data privacy and its associated challenges, to minimise the risks.

- Invest in digital infrastructure in rural and peri-urban areas and reduce the cost of Internet data to enhance digital inclusion.**

While Internet connectivity is high in Ghana relative to most of its peers in SSA (GSMA, 2020b), there is a significant gap between rural and urban areas in accessibility, due to a network infrastructure deficit in rural areas. For the government's digital transformation agenda to be meaningful and inclusive, this gap needs to be bridged so that universal connectivity nationwide

can be achieved. The government, through the Ministry of Communications, should collaborate with and provide incentives to the telcos to invest and extend their services to all parts of the country. Related to this problem is the high cost of the data in Ghana, which is unaffordable for many, including some small business operators. This is well documented in the literature and was reported by the participants in this study. The cost could be addressed partly through relevant policies and incentives to the telecommunication companies that provide Internet services.

- Provide capacity-building to MSMEs to make them growth-oriented and resilient.**

As widely documented in the literature, most female-led MSMEs in Ghana are necessity-driven and therefore do not have any plans or strategy to grow or expand beyond subsistence. For this reason, they mostly lack innovation, managerial skills and alternative plans to deal with emergencies or crises, such as those imposed by Covid-19. Therefore, the government, through the GEA and community NGOs, should prioritise capacity-building programmes for the women who operate such businesses, to develop their skills in managing and growing their businesses and enable them to be more profitable, adaptive to the fast-changing business environment and resilient.

- Establish and promote knowledge-sharing networks for female-led MSMEs.**

Female entrepreneurs stand to benefit immensely by being part of networks that are relevant to their entrepreneurial journey. Such networks have been noted to provide very useful platforms for enabling access to key resources, knowledge, information, experience and services for their members.

The establishment and promotion of such knowledge-sharing networks targeting female-led enterprises in both urban and rural areas will provide an opportunity for these entrepreneurs to learn from each other. It is expected that such networks will contribute to building the capacity of this category of business, aid their growth and make them more resilient to shocks. The GEA and NGOs with an interest in women's economic empowerment can facilitate the creation of these networks.

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