Factors Influencing the Development and Growth of Small Medium-Sized Enterprises; The Case of Ghana.

A Thesis submitted in fulfilment of the requirements
for the degree of Doctor of Philosophy

by

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Declaration of Originality

I hereby make a declaration that this thesis is wholly my own piece of work, and would like to indicate that any additional sources of information have been accordingly cited. I make a declaration that any additional information from any sources I may have quoted in this thesis have been duly referenced in full in both the text and contents lists.

Signed: Guy Thompson Agyapong

Date: October, 2016

Abstract

In this era of globalization, small medium-sized fast-growth enterprises are central and pivotal to economic growth and prosperity, and firms that grow are most likely to survive, become successful and be competitive. Significant variables have been identified to impact on the growth of SMEs. The key influential factors of business growth include elements drawn from the entrepreneur and their resource variables. However, the influence of the external environment relative to the growth of SMEs, though imperative in the academic inquiry, has not been studied extensively particularly in the case of developing economies. It is against this backdrop that this thesis seeks to fill this knowledge gap by inquiring into the factors that affect the development and growth of SMEs in the context of a developing African country, Ghana. The thesis draws mostly on three research approaches to SMEs growth organized on analytical distinctions between the entrepreneur and their resources, the business level and the business strategy. At the empirical level, the research makes use of 75 SMEs owner/managers in Ghana in investigating the subject in detail. The study uses thematic analysis to analyse the interview transcripts.

Findings indicate that the development and growth of SMEs was greatly influenced by the level and cost of energy (electricity) supply. The erratic energy supply with its huge tariffs, and resulting in acute energy crisis constrains business performance and pushes a host of SMEs out of business. The findings further show that government policy on taxes greatly affects the development and growth of SMEs. Unfavourable tax policy where businesses are taxed at the local government level as well as the national level, and high customs duties constrain the development and growth of SMEs. The findings, again, unravel that competition influences the performance of SMEs; hostile competition from direct and indirect foreign activities (imports) adversely affect the entrepreneurial activities of local producers. The study also shows that economic factors greatly influence the development and growth of SMEs. Sustained inflation adversely affects the operations cost of businesses, suppresses profit levels and ultimately inhibits expansion through plough-back profit. The study disputes the influence of the adoption and use of web technology (e-commerce) identified in literatures, but affirms the influence of education, while new factors are identified, showing that context impacts on the development and growth of SMEs. The study recommends sustained and affordable energy supply, measures to control or defuse hostile competition, review lending and borrowing regulations, review tax policies and suppress sustained inflation. This study therefore enhances the ongoing development relative to the understanding of factors that affect the development and growth of SMEs. More significantly, the role of context is of essence in SMEs research and entrepreneurship as a whole.

Key words: SMEs, entrepreneurship, growth, inflation, energy, competition, Ghana.

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Abbreviations

AGI - Association of Ghana Industries

CEO - Chief Executive Officer

DANIDA - Danish International Development Agency

DFID - Department for International Development

ECOWAS - Economic Community of West Africa State

ERP - Economic Recovery Programme

EU - European Union

FAGE - Federation of Association of Ghanaian Exporters

FDI - Foreign Direct Investment

GCCE - Ghana Chambers of Commerce and Industries

GDP - Gross Domestic Product

GEDC - Ghana Enterprise Development Commission

GEM - Global Entrepreneurship Monitor

GEPC (A) - Ghana Export Promotion Council (Authority)

GETIC - Ghana Export Trade Information Centre

GOG - Government of Ghana

GSS - Ghana Statistical Services

GTZ - Gesellschaft for Technical Zusammena

ICT - Information and Communication Technology

IDA - International Development Association

IMF – International Monetary Fund

ISSER - Institute of Statistical, Social and Economic Research

MES - Minimum Efficient Scale

MOTI – Ministry of Trade and Industry

MSMEs – Micro Small Medium-sized Enterprises

NBSSI - National Board for Small Scale and Industries

NGOs – Non Governmental Organizations

NTE – Non-traditional Exports

OECD – Organization for Economic Cooperation and Development

RPED - Regional Program on Enterprise Development

QDA – Qualitative Data Analysis

SAPs – Structural Adjustment Programmes

SMEs – Small Medium-sized Enterprises

SSEs – Small Scale Enterprises

UNIDO - United Nations Industrial Development Organization

VRIN - Valuable Rare Imperfectly Imitable Non-substitutable

Chapter 1: Researching the Factors Influencing the Development and Growth of SMEs

1.1 Entrepreneurship Background

Inventions have been with the human kind for a very long time. In a modern world, inventions and innovations incontrovertibly continue to dominate our very lives (Kurato et al., 1997). Existing inventions have seen sustained and progressive improvement, and more sophisticated ones appearing on the world market (Anderson and Woodcock, 1996). All these inventions and innovations have made life quite easier for man to live and survive compared to the past few centuries. From architectural, business, politics, medicine, engineering, up to zoology; entrepreneurs have achieved a lot for humanity. These inventions and innovations are the brainwork of certain individuals or group of individuals called entrepreneurs. Attitude towards entrepreneurship is said to have changed considerably in the last 30 years. Gone are the days when an entrepreneur was considered a deviant individual on margins of society (Carter and Jones-Evans, 2012: 1).

Among the world's most renowned people who have affected the world one way or the other, noted for entrepreneurial prowess and revered roles, and have thrived to influence and change the lives of people and the world at large include George Stephenson (1781-1848), the Wright Brothers (1867-1912/1871-1948), Thomas Edison (1847-1931), Henry Ford (1863-1947), Nelson Mandela (1918-2013), Richard Branson (1950-), Bill Gates (1955-) to mention but few. In the same way entrepreneurs have ingrained-part of everyday life, and the influence of SMEs cannot be underestimated. While this has been attributed to a lot of factors such as the decline of large corporations, the development of an enterprise culture, market fragmentation, as well as technological boost, the increasing recognition for SMEs has been propelled by a widespread global interest, and roundly regarded for their critical and indispensable economic and social roles. The most recent developing sectors such as social media and networking have come into existence through the prodigious creativity of entrepreneurship. For instance, Google, Facebook, Twitter and YouTube, all of which were created and developed in recent years have been found to have a profound and tremendous impact on the society’s way of life and communication.

SMEs are valued and noted for their contribution through the creation of employment. The role of SMEs as a creator of jobs and wealth is very crucial for a time like this when the global world is still grappling with recovery or struggling to recover from the worst recession in the 1920s. Apart from this, SMEs play a variety of other substantial roles. SMEs support and sustain large firms; they sell most of the products of these large companies as well as providing them with many of the services and supplies they require for competitive business. SMEs in their own capacity have been able to introduce many goods and services and flooded them in the consumer market, especially in specialized markets too small for bigger businesses to consider worthwhile. SMEs, again, provide an outlet for entrepreneurial individuals who find it almost impossible working for large companies. Therefore, having an insight into entrepreneurship, entrepreneurs and the business they conduct is crucial and very essential.

1.2 Introduction

Small fast-growth businesses are so pivotal to economic prosperity, and businesses that thrive, even at the very modest level are more likely to survive, and rapidly growing small businesses have played an important role in developed economies (Storey and Greene, 2010). These are responsible for high proportion of employment generation in these developed economies (Storey and Greene, 2010). Besides, the thriving of small businesses in these developed economies are unsurprising as a result of the stability of the external environment (Storey and Greene, 2010).

Contrary to the thriving of small businesses in developed economies, very many small businesses in developing economies particularly Ghana, are faced with real uncertainties in their country about quality of support to influence entrepreneurial activities (Storey and Greene, 2010). In Ghana, Mmieh et al. (2012) refer to the economy as one dominated by subsistence activity by showing how the domestic economy continues to revolve around subsistence agriculture. Consequently, Ghana continues to remain heavily dependent on international financial and technical assistance (Mmieh et al., 2012), however, the traditional export of consumable goods are the major sources of foreign exchange.

The Ghanaian private sector, which is characterized by predominantly indigenous micro, small and medium enterprises (MSMEs) and a few large companies mostly multinationals, is still at an embryonic stage of development (World Bank, 1997). In spite of all attempts by succeeding governments to provide backing and support to enhance the competitiveness of the private sector, SMEs continue to lack ability to compete at both local and international levels (IMF, 2012). Although studies suggest the process of management, success and growth of SMEs, the main issue of interest is that the phenomenon is mainly concentrated in developed nations particularly in the United States and the European environments, where the phenomenon is well developed (e.g. Storey and Greene, 2010; Almus, 2002; Audia and Rider, 2005; Storey, 1994).

In contrast, very little is known about potential development and growth of SMEs in developing economies; there is a low development of entrepreneurial activity in the Sub-Saharan Africa, particularly Ghana (Melvin and Boyes, 2013: 384). There is very little or no readily available data on SMEs in Ghana, and the Ghanaian experience of MSMEs and entrepreneurship has been very bad compared to other countries such as South Africa and Nigeria in the sub-region (Agyapong, 2010: 196). The SME sector, in spite of it being considered as the backbone of the Ghanaian economy, is largely unaccounted for and continues to suffer stagnation and remain an underperforming sector (OML Africa, 2012).

Literature exists to indicate that the success and growth of SMEs in developed economies is influenced by certain factors, for example; level of education (e.g. Storey, 2005; Lindelof and Lofsten, 2002); number of partners (e.g. Cooney, 2005; Harper, 2005); sources of funding (e.g. Moreno and Casillas, 2007; Beck and Demirguc-Kunt, 2006); formal plans (e.g. Delmar and Shane, 2003; Bhide, 2000); personality characteristics (e.g. Delmar and Wiklund, 2008; Cassar, 2007). However, the influence of factors such as costly and erratic power supply (dumsor-dumsor), government policy on taxation, competition and inflation on the development and growth of SMEs in the context of a developing economy like Ghana have not been widely studied. Regardless of the fact that the sub-Saharan African economies are dominated by SMEs (African Development Bank, 2000; DFID's Commission for Africa; 2005; World Bank, 2005a), the sector remains underdeveloped, hence, this thesis aims at exploring the factors that influence the development and growth of SMEs in Ghana.

This chapter introduces the whole study. First and foremost, the author presents the statement of concern by establishing the role SMEs play in economic development. The author highlights how entrepreneurial activities of SMEs are influenced. The author, again, introduces the purpose of the study, research objective, research questions and methodology. This chapter concludes by outlining the structure of the thesis.

1.3 Statement of Concern

Since 1983 Ghana has embarked on a number of policy interventions aimed at growing the economy (Mmieh and Owusu-Frimpong, 2009). As part of the resurgence programmes to engender and invigorate the Ghanaian economy, the financial system was given a boost to evolve to an appreciable level. The distressed banks saw a resurrection; the major banks increased from 5 to 23 coupled with over 125 community banks to complement the efforts of the major 23 banks to provide financial assistance to SMEs (Mmieh and Owusu-Frimpong, 2009). In spite of the efforts to boost the financial system to provide finance to the SME sector the study shows that the small business sector still lacks the financial lubricant to ameliorate development and growth of the sector, with the domestic economy still revolving around subsistence activities (Mmieh et al., 2012).

Evidence from African Commission (2009) report indicates that from a development perspective, entrepreneurship has been considered as a viable alternative to formal employment in Africa. Much development aid is therefore being focused on the ways to enhance the potential of the African youth through entrepreneurship, which it is believed will lead to private sector-led growth and improve the competitiveness of the African economies.

Opoku (2004) iterates that at various levels of SMEs, employment and entrepreneurship are becoming increasingly important to economic growth and development. Over the past two decades, employment in the informal sector is said to have risen rapidly across the globe and Africa in particular. The informal sector is said to be responsible for approximately 93% of new jobs in Africa (Opoku, 2004). Nonetheless, SME has lacked a precise and universally acceptable definition (Burns, 2011).

A fast growth business is defined by OECD (2008) as high growth enterprises with average annualised growth in employees and turnover. Significantly, small businesses that grow to become middle-sized and eventually large businesses over a comparative short period of time are central to economic prosperity of a country. Most significantly, any nation that is able to nurture the growth of small businesses is ideally the most important element in enterprise development (Storey and Greene, 2010). The growth of SMEs may possibly create potential route to export development and economic growth in developing economies including Sub-Saharan African countries, for instance, Ghana (Robson and Freel, 2008). This notwithstanding, with the exception of South Africa, Sub-Saharan African economies have paid very little attention to SME's role in exporting, and as a result, contribute little (23%) to global trade (World Economic Forum, 2007). For instance, in Ghana, SME exporters contribute only 25% to total exports (Owusu Frimpong and Mmieh, 2007; GEPC, 2006).

It is significantly observed that the informal sector makes substantial contribution to the gross domestic product (GDP) in developing countries, with the trend considered to improve (World Bank, 2007). It is estimated (DFID's Commission for Africa , 2005) that in Sub-Saharan Africa with the exclusion of South Africa, the private sector provides approximately 90% of all newly created jobs; and the private sector provides approximately 85% of total employment in Sub-Saharan Africa (World Bank, 2005a). In Ghana, the private sector employs approximately 90% of the entire workforce (GSS, 2000). In spite of the significant role of the private sector, it is regrettable to suggest that, researchers have paid very little attention to the economic activities in the informal sector in Africa (Jackson et al, 2008). In addressing this knowledge gap, this research investigates the factors influencing the growth of SMEs in the informal sector in Ghana.

It is contended (World Bank Report, 2007) the economic growth of Ghana ought to minimise concentration on domestic activities but thrive in global activities owing to the immeasurable benefits the country stands to gain. It is noteworthy that Ghana's economic activity is dominated by the activities of the informal sector (Owusu Frimpong and Mmieh, 2007). This notwithstanding, SMEs in Ghana are crippled by constraints such as lack of easy access to funding, unfavourable exchange rates, lack of quality infrastructure and proper trade institutions (Buame, 2012; Storey and Greene, 2010; Ghauri, et al. 2003). For a greater number of SMEs engaged in entrepreneurial activities in developing economies, there is also lack of information about knowledge of business practices and uncertainty about security (Storey and Greene, 2010; Buckley, 1997; Ghauri, et al., 2003). However, Fadahunsi (2012) indicates that several of the related propositions in previous studies are not clear as empirical evidence supporting them is sometimes conflicting, besides, these studies focus mostly on developed economies (Almus, 2002; Audia and Rider, 2005). Therefore Agyapong (2010) and OML Africa (2012) highlight that the Ghanaian experience of entrepreneurship has not been that good, and SMEs continue to suffer stagnation and their activities are largely unaccounted for. For this reason, there is a need to investigate the factors influencing the development and growth of SMEs in the Ghanaian context.

In the context of small businesses, key decision making is the sole responsibility of the owner/manager, and the ability to grow or expand the business depends on a number of variables which will influence the expansion and growth of the business. This generates insights into the question as to whether the performance of a business is influenced by the entrepreneur by way of undertaking actions that can significantly influence that growth (Storey and Greene, 2010).

There are many factors that influence the development and growth of SMEs. Storey (1994) suggests three categories of seminal key factors that influence the performance and growth of small businesses. The author suggests that the three distinct groups of factors are 'pre' start-up factors; 'at' start up factors; and 'post' start up factors. The 'pre' start factors identified as influence growth of business include prior business ownership (e.g. Coleman, 2007; Delmar and Shane, 2006); number of partners (e.g. Cooney, 2005; Davidsson et al. 2004); gender of entrepreneur (e.g. Morris et al. 2006; Cliff, 1998) among others. The 'at' start up factors include sector (e.g. Klepper, 2002; Bryson et al. 1997); legal status or ownership (e.g. Chittenden and Sloan, 2006; Storey, 1994); location of the firm (e.g. Baptista and Preto, 2007; Audia and Rider, 2005) among others. The 'post' start up variables include formal business plans (e.g. Delmar and Shane, 2003; Bhide, 2000) sources of finance (e.g. Moreno and Casillas, 2007; Beck and Demirguc-Kunt, 2006) among others.

Interestingly, the aforementioned factors are mainly concerned with the developed economies whiles disregarding developing economies (Hove and Tarisa, 2012). There are other factors that influence the development and growth of SMEs as far as a developing country like Ghana is concerned. These factors unravelled through this study, however, not given attention, among other things include erratic energy supply, inflation, government policy on taxation, location, and terms of repayment on loans. These factors play a pivotal role in either enhancing or constraining the development and growth of SMEs in Ghana. These factors are particularly important since small businesses depend on the national grid for energy supply, operate in a competitive global environment, and are affected by government fiscal and monetary policies.

This suggests that context counts so much as far as the activities of SMEs are concerned regardless of the homogeneity of the sector. The range and impact of factors may vary from one economy to another (Dietz, et al., 2010). This notwithstanding, very little attention has been paid by researchers, in spite of the call for more research work needed in order to identify factors that affect SMEs in a developing economy context (Agyapong, 2010; OML Africa, 2012).

This lack of research on the activities of SMEs in developing economies and Ghana in particular is quite alarming since the recent discussion on economic performance in advanced economies indicates that the private-sector growth could potentially improve the competitiveness of the African economies (IMF, 2012; African Commission, 2009). However, entrepreneurship in developing economies like the Sub-Saharan Africa, and Ghana for example, still remains under-researched in stark contrast to developed economies (Kshetri, 2011: 10; Melvin and Boyes, 2013: 384).

Besides, the indiscriminate application of theories of developed economies to management studies in developing economies like the Sub-Saharan African and Ghana in particular, calls into question the possible application of empirical evidence from existing studies on development and growth of SMEs conducted in developed economies to the context of Africa (Jackson, 2004). This premise precipitates the need for studies in a Sub-Saharan developing economy like Ghana on factors that influence the development and growth of SMEs, and this study aims to fill that gap.

1.4 Purpose of the Study

Growing up as a boy, actively involved in a bakery business which was a family enterprise, until my relocation to England in 2003, I am a witness to the struggles the business is going through in an attempt to expand. Hitherto, the business is still operational, using the same old traditional technology but without any significant change in terms of expansion. The purpose of this study is to explore the entrepreneurial activities and investigate the factors influencing the development and growth of SMEs in Ghana. Existing literature suggests that financing obstacles have the largest direct effect on the development and growth of a firm, and those higher financing obstacles translate into slow growth which further constrain small firms from growing to their optimal size (e.g. Ayyagari et al. 2007; Beck et al. 2008). High interest rates and collateral requirements have often been mentioned as the main impediments to SMEs' access to bank loans (Sowa et al. 2010; Buatsi, 2010). Nonetheless, central to entrepreneurial activities, development and growth of SMEs in Ghana is the influence of government policy on taxation, erratic energy supply (dumsor-dumsor), sustained inflation, terms of repayment on loans, and hostile competition.

1.5 Research Aim, Objectives and Questions

The specific research aim and objectives relative to the phenomenon under investigation:

1.5.1 Aim of Study

The main aim of this thesis, is to investigate and identify the enhancing and constraining factors influencing the development and growth of Small and Medium-sized Enterprises in Ghana.

1.5.2 Objectives of Study

To achieve the aim of this study, the following specific objectives were investigated or examined:

- To investigate the impact of source of finance on the performance and growth of SMEs in Ghana

- To evaluate influence of level of education on the development and growth of SMEs in Ghana;
- To investigate the impact of supply and cost of energy (electricity) on the growth, development and performance of SMEs in Ghana and;
- To identify and analyse other factors, and their impact on the performance and growth of SMEs in Ghana.

Therefore, the main research question is: What are the factors influencing the development and growth of SMEs? In order to answer the main research question and achieve the aim and objective of this study, the following main research question and five research sub questions are investigated.

1.5.3 Research Questions:

The main research question is to investigate the factors affecting – enhancing and/ or constraining – the development and growth of SMEs in Ghana.

The sub questions are:

- What are the sources of start-up capital and sources of funding for SMEs in Ghana?
- How does source of capital/funding influence the development and growth of SMEs in Ghana?
- Does the level of education of the entrepreneur have any influence on the performance and growth of SMEs in general in Ghana?
- To what extent does power outage or erratic energy supply with its high tariffs affect the growth and development of SMES in Ghana?

- Are there any other indispensable factors that influence the development and growth of SMEs in Ghana?

The answers to these research questions are very important as far as Ghana is concerned, since, in spite of Ghana's involvement in entrepreneurship in pre-colonial and post-colonial eras, the domestic economy continues to revolve around subsistence activities, and hence Ghana continues to remain heavily dependent on international financial and technical assistance (Mmieh et al. 2012). There is the potential for well-developed and high performing SMEs' to make a significant contribution to job creation and economic growth (OECD, 2009; Owusu Frimpong and Mmieh, 2007; European Commission 2007). However, SMEs which dominate the private sector and employ approximately 90% of the entire workforce (GSS, 2000) and constitute approximately 90% of the entire workforce are incapacitated in terms of resources. The situation has exacerbated due to lack of effective role of state institutions and provisions in Ghana (Barr, 2000). As a result, the SMEs sector is still at an embryonic stage of development, continues to remain an underperforming sector, and the market for doing business facing distortions (OML Africa, 2012; Agyapong, 2010; World Bank, 1997). Nonetheless, existing literature has not paid attention to entrepreneurial activities and factors influencing the development and growth of SMEs in Sub-Saharan African economies particularly Ghana.

1.6 Methodological Approaches of the Study

Philosophically, this thesis applies an interpretivism approach. The empirical study comprised 75 small businesses purposefully selected from Ghana to explore and understand the factors that influence the development and growth of small businesses. Direct observations and semi-structured interviews were used with participants over a period of three months, between October, 2014 and January, 2015. The study applied thematic analysis in organising the data and to gain insights into entrepreneurial activities and performance of entrepreneurs of small businesses (Braun and Clarke, 2006). The main findings are presented in quotes throughout the empirical chapter.

1.7 Structure of the Thesis

This thesis has been divided into 6 main chapters. Chapter 1 relates to the introduction of the thesis, Chapter 2 critically examines the literature and develops the research framework. Chapter 3 looks at Ghana in context. Chapter 4 focuses on the methodology while Chapter 5 offers the findings and analysis of the thesis. Chapter 6 provides conclusions for the study. Details are shown below:

Chapter 1: Researching The Factors Influencing the Development and Growth of SMEs: serves as the introduction to the thesis. This chapter has discussed the background to this thesis and has outlined the main aim and objectives of the study and placed these within the larger context of this research.

Chapter 2: Literature – Theoretical Understanding: Reviews the theoretical understanding of the study. It also shows a visual presentation of the research framework and how the key variables in this study relate to each other.

Chapter 3: Ghana in Context: The chapter focuses on Ghana in relation to the study. It establishes the rationale for choosing Ghana for the study and provides the history of pre-colonial entrepreneurial activities. Besides, the chapter looks at post-colonial entrepreneurial activities of SMEs in Ghana.

Chapter 4: Methodology: This chapter aimed at offering the rationale behind the choice of methodology and methods used in this research. Particularly, it seeks to explain how the author's research approach, research strategy and research design were based on author's philosophical assumptions. Issues relating to validity, generalizability and ethics are also considered

Chapter 5: Findings and Analysis: The chapter reports on the findings or outcomes of the empirical study on the factors influencing the development and growth of SMEs in the Ghanaian context. It investigates the views of owner/managers of factors that enhance or constrain entrepreneurial activities within the context of Ghana.

Chapter 6: Conclusions of the Study: This chapter summarises the main research findings. It, as well, draws on the evidence to bring to prominence the theoretical, practical and policy implications. Finally it discusses the limitations of the study and offers suggestions for future research.

Chapter 2: Theoretical Understanding of Factors Influencing Growth of SMEs

2.1 Introduction

This chapter examines the extant literature on the concept of entrepreneurship, approaches to business growth as well as critically examining the factors that influence the growth of small medium-sized enterprises. The chapter critically examines some of the works of various authorities, writers and theorists in the area of entrepreneurship in general; meaning of growth and factors influencing the growth of SMEs in particular.

2.2 Entrepreneurship/Entrepreneur

Entrepreneurship, considered as a discipline, is gaining recognition that even in the United States; a military organization such as the U.S. Navy wants its top officers to develop entrepreneurial skills. ''Acquainting admirals with entrepreneurial skills, those heading the Navy have concluded, will lead to wiser allocation and utilization of military resources'' (Miller, 2011:29). In recent years, according to the author, these top military personnel enrol on graduate business programmes with titles such as '' Using Effects-Based Thinking'' and ''Organizational Innovation.'' This suggests the important role entrepreneurship plays in a nation building.

In historical thinking, the attempt to define entrepreneurship has varied with different theories and thinkers (Carter & Jones-Evans 2012:10). Penrose (1959) once indicated, ''Entrepreneurship is a slippery concept … not easy to work into formal analysis because it is so closely associated with the temperament or personal qualities of individuals.'' Most researchers, hitherto, have attempted to define the concept solely in terms of who the entrepreneur is and what the entrepreneurial activities are (Shane & Venkataraman, 2000:

218). And in spite of the term entrepreneur being widely used in literature for several centuries, there has been no consensus about the function of, and the role of the entrepreneur (Baumol, cited in Hashi & Krasniqi, 2011).

The word entrepreneurship has been with the business world for a long time now, and a myriad of definitions given to the discipline. It has been difficult to give one specific meaning or definition to the term entrepreneurship (Bolton and Thomson, 2000), so the word can be defined in various ways to suit particular content and context. Hisrich and Peters (1998) support the notion of Bolton and Thompson (2000) and argue that there is no rigid definition for the words entrepreneur and entrepreneurship.

The origin of the word 'entrepreneur' is an important indicator of a process (Larson and Rogers, 1986), it has come from French words 'entre' and 'pendre' meaning 'between' and 'to take' respectively. Thus, the French word 'entrependre' means 'to undertake'. This means that an entrepreneur is someone who undertakes a venture.

The entrepreneur is a person who habitually creates and innovates to build something of recognised value around perceived opportunities. They are considered as the agents of change who endeavour to bring about material progress to society; they are motivated people who seek profit by risking to venture into starting new businesses, creating new products, or inventing new ways of accomplishing tasks (Tucker, 2011:4-5; Bolton and Thompson, 2000).

The above echoes the idea of the entrepreneur being an agent of change through the introduction of new technological process or product, originally proposed by Schumpeter (1934); and the entrepreneur being creative and imaginative, better able than others to spot opportunities and consequently exploit them (Shackle, 1954). This implies that the entrepreneur is the person at the centre of entrepreneurship.

Hall (2013:7), defines entrepreneurship as the ability and willingness to combine the other resources such as land, labour and capital into a productive enterprise. This suggests the entrepreneur being an innovator who is able to create an original idea for a business, or the entrepreneur being a risk taker who is able to provide capital or time resource to nurture a project with uncertain reward. Miller (2011:29) opines that entrepreneurship is that component of human resources responsible for the performance of the functions of raising funds, organizing, managing, and combining the other factors of production to create wealth, making basic business policy decisions, and taking risks. In an affirmative sense, Tucker (2011:4), iterates that entrepreneurship is the creative ability of an individual to assemble resources to produce innovative goods and services, and in turn to seek profits by taking risks.

At this stage, the thesis defines entrepreneurship as the exercise of initiative by way of organizing ventures, ostensibly to benefit from an opportunity; deciding on what to produce, how to produce, and how much of goods and services to be produced. And the entrepreneur as the one responsible for the creation of new enterprise.

In recent times, empirical research in many countries have revealed that a small but growing proportion of SMEs have been productive in their approach to foreign markets (Mmieh et al., 2012: 498). Likewise there is a growing recognition of significant role SMEs play in economic development, and even in the developed industrial economies, the sector represents the biggest employer of the workforce (Abor & Quartey, 2010: 518). This explains that in the industrial growth of a nation, the importance of SME sector cannot and should not be taken for granted (Ahmed et al. 2012: 517).

SMEs in Ghana constitute approximately 92% of all businesses in Ghana; employing almost 85% of the entire labour force in manufacturing employment; and contributing approximately 70% to Ghana's GDP (Abor & Quartey, 2010: 218). This contribution of the SME sector has resulted in appreciable upswing in economic growth of Ghana. (Mmieh & Owusu-Frimpong, 2009: 372). Mmieh & Owusu-Frimpong (2009: 372) contend that Ghana continues to experience increasing economic growth, and that this expansion in the Ghanaian economy is largely driven by growth experienced in both industrial and services sector. Given their (SMEs) consequences in all economies, the growth of the SME sector is essential for financial revival and growth of a nation (Ahmad et al. 2012: 518).

2.3 Growth

Even though growth is of higher essence to entrepreneurship (Storey & Greene, 2010: 209), defining and determining precisely what is meant by growth in business will be very difficult. Growth may be considered by some entrepreneurs as merely survival of the business, whereas in the view of others, growth is nothing more than provision of personal satisfaction for themselves, the ability to meet social, environmental and family responsibilities (Storey & Greene, 2010: 207). Others look at growth from the perspective of the performance of the business based on sales level, profit margin and market share (Storey & Greene, 2010: 207).

In the next sub-chapter, the author of this thesis discusses approaches to explaining growth phenomenon. The first approach to be discussed in the next section is the 'stage model approach'.

2.4 Approaches to Explaining Growth Phenomenon

One central problem in explaining and understanding business growth is the huge number of proposed theories and factors to explain the reasons behind why some businesses grow faster than others (Storey and Greene, 2010). One of the oldest approaches to explaining business growth is the ‘evolutionary approaches’, recognizing businesses as organic; businesses springing into existence, grow, mature and in the end fade out (die) (Storey and Greene, 2010).

2.4.1 Stage Model

One of the evolutionary approaches to explain business growth is the stage model approach, and a classic example is Greiner’s (1972) model. Greiner’s (1972) model proposes that businesses pass through five stages in their life time (cradle to grave), and that each transition between stages is characterised by crisis in a specific area; from leadership through autonomy to control. By successfully manoeuvring their way through these crises as they arise, the entrepreneur is able to arrive at the next level or stage.

Albeit the growth stage models offer the opportunity for the entrepreneur to undertake self-assessment of the development of the business, the approach has its own limitations. The limitations, as identified by Storey & Greene (2010: 224) among other things are as follows:

- The stage models assume and present a one-size-fits-all approach to growth. In reality, small businesses as well as entrepreneurs are so heterogeneous to the extent that having a generalized model of business growth is a difficult thing to do.

- The models assume that growth is unidirectional and lean towards upward movement, when in actual fact businesses that survive are more likely to wane than grow. Again, business growth in one period does seldom lead to growth in the next stage or level.

- The number of stages in the models and how long each stage lasts cast doubt on their reliability as the proposed number of stages can range from two to as many as ten, in contrast to the five stages in Greiner's (1972) model.

- The fact that there is ambiguity about the number of stages will lead to the question of number of crisis in each stage. Moreover, it will be difficult to clearly define what actually constitutes crisis.

- Stage models tend to lay emphasis on the formal management structures of the business. Davidsson et al. (2004) have argued that what is more essential and relevant is the informal interaction among the management team. The stage model approach stops short of addressing the value of interaction among management team and the team's culture.

In spite of the Greiner's (1972)stage model being intuitively appealing, and providing practical assistance to entrepreneurs to be able to identify the particular stage of the business; unfortunately, they are not able to stand up to conceptual or empirical scrutiny, making it remarkable that they have survived for so long a time (Storey & Green, 2010: 224). Again, growth is spotty and the fact that a business has achieved growth in one stage or period is no guarantee that it will grow at the same rate in the succeeding period (Storey & Green, 2010: 207). In the next section, the author discusses the other approach to explaining business growth, which is the resourced-based view (RBV), apart from the stage model approach.

2.4.2 Resource-based View (RBV)

The weakness of Greiner's (1972) stage model approach to measure or determine what influences growth of a business calls into consideration the second approach to explain business growth which is Resource-based view (RBV) and learning theory. Central to this approach in explaining growth is that the growth of a business could be explained by the resources and capabilities at the disposal of the business. The proponents (e.g. Wenerfelt, 1984; Barney, 1986; 1991) argue that businesses have at their disposal bundles of resources that vary between businesses; some (resources) serve as 'protective mechanisms' shielding the business from competitors. The resource-based view (Storey and Greene, 2010) is summarised as; (a) businesses are administrative units that connect bundles of resources; (b) that these resources are heterogeneous in nature, implying that each business combines resources that are unique in some sense; (c) that these resources are likely to be immobile, meaning it is unlikely a business is able to switch resources from one use to another with ease and; (d) that as a result of the immobility of resources, usage and exploitation of resources is likely to be path-dependent – past usage of resources is likely to influence its future usage.

In a nutshell, RBV proposes that the discrepancy in business growth comes about for the simple reason that businesses are endowed with resources that are (i) valuable; (ii) rare; (iii) imperfectly imitable and; (iv) non-substitutable; thus the VRIN attributes (Storey and Greene, 2010).

The resource-based views, in spite of the appealing nature of identifying that businesses have the overriding responsibility of their own growth devoid of chance and any external influence, the approach has, however, been subjected to criticisms. The following shortcomings have been identified:

a) The validity of resourced-based view has been challenged by Priem and Butler (2001) and criticised it as being tautology. The authors implied that it follows a circular logic; having VRIN qualities result in business growth, however, business growth is dependent on having VRIN qualities.

b) How are businesses able to identify that they possess the requisite VRIN qualities? Is it as a result of their possession of specific tangible or intangible resources, and if intangible, how easily is it measured?

c) The resource-based view suggests that businesses that are able to carefully combine their resources will continue to do so, however, evidence (e.g. Cosh and Hughes, 2000; OECD, 2008; Storey and Greene, 2010) shows otherwise. The RBV fails to address why the VRIN qualities are usually so transitory.

In brief, the problem with this approach in explaining what influences or determines business growth is that it is not that simple to actually point out that businesses have the responsibility for their own growth, besides, it is almost impossible, by definition, to measure intangible capabilities (Storey and Greene, 2010).

The next section following after this discusses the random approaches in explaining the performance and business growth.

2.4.3 Random Approaches

The weaknesses identified in RBV approach in explaining the growth of businesses and the determining factors of growth paves way to consider another approach which is the random approach to understanding business growth.

This approach to explain business growth is derived from economics – economic-based approach. Hart (2002) suggests an economic-based approach – random growth. The two main approaches emphasizing the random model are Jovanovic's (1982) model of 'noisy selection', and the second proposes growth is basically about being lucky.

Jovanovic's (1982) 'noisy selection' model indicates that individuals, prior to entry, have no idea about their level of entrepreneurial talent, they only realise their level of talent when they already are running the business. They close down the business on realizing that their level of talent is below expectation, and if on the other hand, their level of talent is high, they can expand their business. This is random given that the entrepreneur is likely to experience random shocks (unlucky draws) which signify that entrepreneurs may not be in the position to grow their business or, in the midst of real bad luck, be coerced to close the business. Growth, consequently, is 'noisy' as a result of the presence of unforeseen circumstances.

Again, growth is selective, because with the passage of time entrepreneurial talent wins out and the element of luck is annulled. Selection becomes possible as the entrepreneurial talent of the individual unveils. In Jovanovic's (1982) model, entrepreneurs can do very little to alter their level of talent.

Noisy selection proposes that growth – albeit bounded by chance – can be something that comes under direct influence of the entrepreneur, if they are able to realise their talent. A business endowed with only limited entrepreneurial talent might be lucky initially, but ultimately be 'caught out' by its lack of talent (Storey and Greene, 2010). The more extreme stochastic approach is to show that growth is largely random. The reasonable grounds for this approach are that there are numerous factors which influence the performance of an individual business, that growth necessarily becomes a matter of chance. Even if a business has seen growth in a previous period, the factors that affect its subsequent growth will be extremely different during a later period. For instance, there might be changes in macroeconomic conditions; the firm might lose its key personnel; it may choose to enter very aggressive markets or; probably growth in the previous period was purely down to luck.

Three main pieces of evidence to support the importance of chance are as follows:

- Growth in one period does not necessarily lead to growth in another period: there is no hard and fast rule that success breeds success. If growth was more deterministic than random, then the expectation is that there should be a stronger connection between growth in one period and the next (Storey and Greene, 2010).

- The anticipation would be that older and bigger firms would grow more quickly than younger and smaller firms. This is because older firms are perceived to be endowed with more experience and 'know-how' and greater resources. However, there is evidence of little association between growth and size or age once the smallest sized and youngest firms were discounted (Storey and Greene, 2010).

- Studies have not been able to explain why businesses grow (e.g. Coad, 2007). Coad (2007) finds that most studies are unable to explain more than 10 per cent of why businesses grow; it means 90 per cent of how businesses grow has not been explained. However, Coad (2007) only covered economic-based studies of growth (Storey and Greene, 2010).

The idea of being 'lucky' goes beyond merely being in the right location at the right time. It can be contended that having the 'right stuff' is as well related to being lucky: one can possess the right stuff for one business but the very same talent might not prove helpful for another business or the same business in a different circumstance (Storey and Greene, 2010).

Placing too much emphasis on the importance of the role played by luck or chance may appear dismal. It rejects the human agency of individuals, places limits on the choices of entrepreneurs, and shows that researchers lack the tools to sufficiently explain business growth or there is not much people can do to promote growth in a business. It runs counter to the expectation of businesses growth and development, and the prediction may be that luck is of essence but that individuals with the 'right stuff' will win through (Storey and Greene, 2010). The view, though, is that this may not have excessive influence.

The weaknesses and lack of clarity in theories or approaches to explain the processes of business growth provides the platform for the author of this thesis to launch an investigation into factors that influence the performance and growth of SMEs in the next section. The next section discusses the factors that affect the growth of small businesses given that none of the approaches discussed above has been found to be suitable in explaining how businesses succeed or fail, in other words, factors that enhance or constrain small business growth.

One central problem in understanding business growth is the huge number of theories and factors proposed in explaining why some small businesses grow faster than others (Storey and Greene, 2010: 244). Given the inherent weaknesses of the theories to provide insight into business growth, in other words, providing anything new in explaining and understanding business growth, the author discusses or examines empirical evidence (influential factors) on business growth in the next section.

2.5 Factors Influencing Growth of SMEs

In this section, the researcher intends to explore the factors that influence the growth of the SME sector; factors enabling and/or constraining growth.

Literature on factors affecting growth of businesses seems to focus on empirical studies designed to identify the influential factors impacting on business growth (Davidsson et al., 2006). The fundamental issues with regards to the empirical modelling of SME growth have been related to the distinction between, discussion of, as well as the relationship between business growth and the alignment of abilities (related to entrepreneur's characteristics), intentions (related to firm's characteristics), and opportunities (related to external factors) Matlay, 2012).

The empirical approach to investigate business growth has been confronted with criticism for lack of consistency in its use of growth measures, growth determinants, research design, methods of data gathering and empirical contexts involved (Shepherd & Wiklund, 2009). Other criticisms include its concentration on growth outcomes rather than growth as a process (McKelvie & Wiklund, 2010); and the lack of consistency in the meaning of growth applied by policy makers and practitioners alike (Achtenhangen et al., 2010). Dobbs & Hamilton (2007) assert that the empirical study has only produced contradictory and fragmented evidence on the determining factors of business growth.

The lack of consistency in the use of business growth measures and its heterogeneity (composed of diverse elements) of growth determinants reflects, however, the heterogeneity of the SME sector itself, and the invariable environmental factors in which it does business (Matlay, 2012). In the view of above, therefore, it is an indication that further empirical study is required in an attempt to provide more evidence on the influential factors of business growth (Matlay, 2012).

SMEs have been the main source of employment generation across the globe in excess of the previous two decades (Ahmad et al. 2012, p: 517), however, only a small fraction of SMEs are perceived to be successful in achieving exceptional performance and sustainable growth, and that their growth are influenced by certain factors (Sidik, 2012: 373). Based on extant literature, there are perceived micro and macro factors (Khan, Alam & Khan, 2005: 33), on the other hand internal and external factors (Ahmad et al. 2012: 517) responsible for growth and development of the SME sector, or becoming barriers to growth (Khan, Alam & Khan, 2012: 34). Factors influencing the growth of SMEs are divided into three main categories. These factors commonly associated with business growth are: pre start-up factors; at start-up factors and; post start-up factors (Storey, 1994; Storey & Greene, 2010).

One central and fundamental problem in understanding how businesses grow is as a result of the huge body of theories and factors that have been proposed in an attempt to explain why some businesses grow faster than others (Storey & Greene, 2010: 244). To explore the influential factors affecting the growth of SMEs, the researcher intends to investigate the factors by making use of Storey's (1994a) analytical distinction between the *pre start-up* influential factors; *at start-up* influential factors; and *post start-up* influential factors. This will focus on influential factors which have commonly appeared in SME growth studies as well as emerging factors.

The desire for adopting this approach; grouping the influential factors into three categories, for this thesis is that, the triggers for enterprise growth are perceived to be found along a continuum, from inborn attributes of individuals to complex interrelationships amongst businesses, often changing cultural, political and economic conditions at national, regional and local levels (Roomi, 2011). So it can be suggested that the three distinct factors relate directly to the start-up process (Storey & Greene, 2010: 244).

Storey & Greene (2010: 244) argue that it makes it possible to address the problem of whether the key influential decisions affecting the growth of SMEs are taken before the start-up, or at start-up or at post start-up. However, by separating out and grouping the variables into three distinct influential factors is not an indication that the variables are necessarily independent of one another (Storey & Greene, 2010: 244). It may appear that related factors found at pre start-up; at start-up; and post start-up are all associated with the growth of SMEs. On the other hand, it is also likely some fundamental influences straddle all three categories (Storey & Greene, 2010).

2.5.1 Pre Start-up Factors

There is a considerable range of pre start-up characteristics of the entrepreneur (Storey & Greene, 2010: 348) that are found to be commonly associated with the growth of businesses and SMEs for that matter. In no particular order, the first pre start-up factor identified influencing growth is the age of the entrepreneur (Storey & Greene, 2010: 249). This is an attempt to associate the age of the owner/manager to the growth orientation of the business.

Young people are described as best placed and positioned to run a successful and growth business because they are more capable than older entrepreneurs, and are more likely than their older people to have access to the required energy and enthusiasm in seeking and achieving growth (Storey & Greene, 2010: 249). Storey & Greene (2010) argue that older people are more susceptible to ill-health which may slow their speed and retard the growth of their business. And more so, young people are also more likely to be closer to new emerging technologies that are possibly to take off and grow a business (Storey & Greene, 2010).

In contrast, Scarborough (2011: 39) contests that older entrepreneurs possess distinct qualities such as wisdom, which has been forged by and through experience over the past years, and give older people an advantage over young people in growing business. In addition, older people (over 55 years of age) are more likely to have the necessary access to capital, more business experience and appropriate contacts which come into play to enhance business growth (Storey & Greene, 2010). Matlay (2012: 616) contends that businesses run by older managers grow faster than those run by younger managers as older entrepreneurs most likely appear to be better positioned to positively influence their business' performance. So, while younger individuals have more motivation to grow their business they, as well, may have fewer financial resources and fewer networks which are essential ingredients relevant for business.

Gender of the owner/manager has been identified as an influential factor affecting the performance and growth of a successful business (Scarborough (2011: 35). Scarborough (2011) argues that female-owned businesses tend to grow more slowly than male-owned businesses, that women-owned businesses have a higher survival rate, besides, women are thriving well in fastest-growing industries for women-owned businesses such as wholesale, health care, arts and entertainment, and professional, scientific, and technical services. Conversely, Storey & Greene (2010: 253) argue that businesses owned by male entrepreneurs are much more likely to grow than female-owned businesses. Storey & Greene (2010) argue that women are more likely to experience problems accessing resources as a result of discrimination, and may be excluded from influential networks because they are not one of the boys or not behaving like honorary men, this will likely create a barrier for women trying to sell their products and services. Matlay (2012) observes that the lack of access to finance, however, hinders economic opportunities and growth in SMEs run by females, resulting in deepening both their economic and social deprivation. However, Marlow (2002) argues that women are more likely to have family responsibilities, and will consequently opt for part-time businesses in lieu of full-time business ownership, ultimately limiting their willingness to successfully grow their business. Or finding themselves located in particular business sectors which are generally associated with less growth (Storey & Greene, 2010). However, it is contended that women entrepreneurs are not constrained by lack of access to finance instead it is down to their level of education (Coleman, 2007).

The formal education of the owner/manager as an enterprise management tool in relation to business growth is said to be widely studied, according to Canadian Key Small Business Statistics (2012). A relationship is found to exist between prior level of formal education and firm performance, and that holding a higher level of education such as Bachelor's degree has a positive impact on both survival and growth of small businesses (Altinay and Altinay, 2008; Canadian Key Small Business Statistics, 2012). Entrepreneurs with higher level of education are considered to be better equipped to handle and deal diligently with bankers, suppliers, customers and other stakeholder groups, which will result in higher growth in their businesses (Altinay & Altinay, 2008). Lindelof & Lofsten (2002) indicate that education and formal qualifications influence the sector in which the entrepreneur starts a business, and a lack of it can effectively pose as a barrier to entry. This is particularly relevant in a knowledge-based economy where rapid growing businesses are more likely to be concentrated.

Contrary to the above arguments in support of formal education as an influential factor, one view of entrepreneurship is that formal education and qualifications are baseless and pointless if the aim is to grow a business (Storey & Greene, 2010). The British entrepreneur, Sir Alan Sugar argues that formal education and qualifications for that matter are meaningless in business (Storey & Greene, 2010: 257). Matlay (2012) concludes that the educational background of the entrepreneur has a significant negative effect on growth, suggesting that higher education is not a prerequisite for business growth (Matlay, 2012). It is argued that formal education and higher qualifications do not lead to improvement in performance and ability to manage and grow an enterprise and to cope with a risky business environment (Matlay, 2012).

The performance and growth of a business has been shown to be influenced by the ethnicity of the entrepreneur or owner/manager of the business (Storey & Greene, 2010). According to Storey & Greene (2010: 146), a study carried out in the UK has clearly shown that Asians, the White Irish and the other Whites are much more likely to engage in self-employment and grow a more successful business, in stark contrast to the Black Africans and the Black Caribbeans, who are much less likely to be in self-employment and grow their businesses. Storey & Greene (2010) observe that a study in UK showed self-employment, in other words, SMEs, and the accompanied growth rate is higher amongst the India, Pakistani, Chinese, Whites and other White groups, but relatively lower amongst those of African origin; Black Africans and Black Caribbean. Fairlie and Robb (2007) observe that some ethnic groups in the United States, most notably the Blacks, do have underperforming businesses. Fairlie & Robb (2007), indicate that Black-owned business in the US are less successful on virtually all aspects than the White-owned businesses, and this, they allude to the fact that the Blacks are much less likely to have descended from parents who were entrepreneurs or self-employed. However, there is a difficulty in defining and measuring ethnic entrepreneurship (Storey & Greene, 2010: 254). Jones & Ram (2007) observe that the term ethnic entrepreneur most likely tends to hide real differences between divergent ethnic groups. The authors imply that particular ethnic groups face discrimination in some way from the other – normally 'White' or Western communities. Ram et al. (2003) contend that difficulties confronting ethnic entrepreneurs in their attempt to gain or secure credit from the banks and the other financial providers greatly affect their business performance. For lack of easy access to capital, most

SME immigrants to an economy are compelled to start businesses in sectors or industries where start-up capital requirement is only a modest one, low skill requirements as well as low entry barriers (Basu & Altinay, 2002). And the choice of sector could certainly have a huge impact on subsequent growth prospect of the business (Jones & Ram, 2007).

Burt (1995) argues that having a prior knowledge and understanding of how a particular sector operates may be considered very useful and essential for entrepreneurs intending to start their own businesses in the said sector. The idea is to link prior sectoral experience to performance and growth of a business.

Bart (1995) posits that it seems quite plausible that individuals equipped with prior sector experience are more likely to establish a business that grows than individuals without any prior knowledge of the sector. Notably, equipped with detailed knowledge of a particular sector is an incentive for the entrepreneur to develop a range of strong and weak ties that could possibly serve to legitimise the business and help identify 'structural' holes (Burt, 1995). Storey (1994: 135) observes that individuals who have acquired some form of previous working experience in the sector in which they intend to start their business are more likely to have developed their expertise and experience about acceptable norms and practices in that sector. The assumption is that when such norms and practices are well understood and prudently implemented, a subsequent significant business growth can be achieved (Storey, 1994: 135).

Conversely, no two opportunities in a particular or specific sector are identical and knowledge of a sector will possibly be a poor guide to subsequent business growth (Storey & Greene, 2010: 258). Storey & Greene (2010) argue that it is very likely the truly origin ideas underpinning business growth emanate from those individuals who approach a sector with innovative ideas or have the capacity and knowhow to ‘think outside the box’. Growth may necessitate the introduction of products and services which are different, in one way or the other, from that which is already existent in the market place (Storey, 1994). The idea of sectorial experience prior to start-up may be irrelevant, and entrepreneurs who establish a business having prior sectorial experience are less likely to run a rapid-growth business (Storey, 1994; Storey & Greene, 2010), rather prior managerial experience could be considered as a key influential quality for business growth (Storey & Greene, 2010).

Storey & Green (2010), argue that whilst it is unlikely the majority of the nascent businesses would employ workers, the very ones that grow would normally do so by recruiting employees, therefore, the ability of a small business owner to satisfactorily manage others would be considered as a pre-condition for business growth. According to the Canadian Key Small Business Statistics (2012), prior managerial know-how embodied in the entrepreneur is likely to be an influential factor to impact on the growth of the firm. Managerial expertise may result from descending from parents who were entrepreneurs themselves, or from a previous paid-employment experience in a similar firm, or by previous management experience of the owner.

In contrast, prior management know-how is of limited value given that managing others in someone else’s establishment is fundamentally different from managing employees in one’s own establishment (Storey & Greene, 2010). The reason is that expectations in the previous establishment is likely to be different from the current business, in that the greater commitment of the business owner, compared with the professional manager, or probably the managerial situations are very likely to differ respectively (Storey & Greene, 2010).

It is the view of the researcher that prior managerial know-how of the entrepreneur might play a reasonable or modest role in growing a business, its impact as an influential factor is unclear. Managing an establishment as an owner would not be the same as managing as an employee (Storey & Greene, 2010). Fadahunsi (2012: 108) contends that prior business ownership experience of the entrepreneur may be relevant to business growth. Fadahunsi (2012) argues that researchers seek to link prior business ownership experience of the entrepreneur to the growth orientation of the firm; entrepreneurs who have previously owned businesses are intrinsically more cautious compared to beginners who may not have a growth objective. The anticipation is that the specific knowledge which must have been acquired prior to starting and running a business would clearly reduce the likelihood of business closure (Storey & Greene, 2010). Iacobucci & Rosa (2005) observe that previous ownership experience of the entrepreneur is considered to be a resource by itself to the degree that it could steer the business in the direction of growth-related opportunities whilst preventing it from growth-related pitfalls.

Delmar & Shane (2006) contend that entrepreneurs learn from both successes and their failures, they accumulate experience from previous ownership; therefore, businesses established by such individuals will out-perform businesses established by nascent entrepreneurs. The implication is that prior ownership experience will boost the entrepreneurial talent of the individual.

On the contrary, prior business ownership experience could be unrelated to entrepreneurial learning (Storey & Greene, 2010). What changed due to the experience of being an entrepreneur might be the ability of the individual to assess their own entrepreneurial talent with accuracy (Storey & Greene, 2010). Ucbasaran et al., (2006) in a study specifically examining performance differences between novice entrepreneurs (no business experience), serial entrepreneurs (been in business before) and portfolio entrepreneurs (currently running another business), found that prior business ownership experience is not considered as a significant influential factor for business growth.

Khan et al. (2005) have highlighted that family-owned businesses and the support from the family significantly influence the growth rate of a firm. The term ‘family business’ invokes an image of a small business which has been passed down from generation to generation (Institute for Family Business, UK, 2011). Studies carried out on family firms (e.g. Sraer and Thesmar, 2007; Villalonga and Amit, 2010) found family ownership businesses perform better than that owned by non-family businesses. Family-owned firms significantly perform relatively better than non-family-owned firms. Firms benefit with economies of scale, for example, by serving larger markets and minimizing fixed cost as a part of the total cost picture (e.g. Sraer and Thesmar, 2007; Villalonga and Amit, 2010). PwC’s Family Business Survey (2012) covering almost 2,000 firms across the world, from both developed and developing countries or emerging markets, and representing sectors as diverse as manufacturing, retail, automotive, and construction shows that family-owned businesses are robust, vigorous and successful. They are ambitious, entrepreneurial, and delivering solid performance and business growth in terms of profits, even in the continued uncertain economic environment.

Nonetheless, Hamelin (2009) contends that family-owned businesses grow slower than non-family owned businesses. Arguably, there is the possibility of the existence of contradictions between family objectives and business goals, and the likelihood of its impact on the economic performance of the firm (Perez-Gonzalez, 2006). This means families may not necessarily share the same objectives, and even if they do, the altruism of the family-owned business may imply it will be more focused on family agenda than business agenda. The other thing is that the absolute reliance on the talents of the family is an indication the family-owned business is denying itself access to the superior and immense experience, abilities and expertise of non-family members (Storey & Greene, 2010). Coleman (2007) finds no significant relationship between family-owned business and growth of business. Perez-Gonzalez (2006), using a US data finds that firms that employ second-generation family members under-perform in stark contrast to firms that employ non-family members, whilst Westhead & Cowling (1998) conclude that it is extremely difficult to allude a performance effect based entirely upon family ownership.

Similarly, the number of partners or founders at start-up is identified as an influential factor impacting on business performance and growth (Storey & Greene, 2010).

A number of attempts have been made to link the diversity of experience and resources at start-up to the growth orientation of the business (e.g. Morris et al., 2006; Fadahunsi, 2012), thus a multiple of partners are likely to perform better and grow faster than businesses established by and run by single individuals. Khan et al. (2005) observe that growth of a business is influenced by the presence of the number of partners or partnership. Eisenhardt & Schoonhoven (1990) argue that the partners may have the capacity to add to the resource and skills bases of the business. They observe that in partnership, the partners may also enhance the credibility of the business to potential lenders and other constituents. Benefits associated with partnership or the presence of partners, include; capital, functional expertise and a broader range of management experience (Eisenhardt & Schoonhoven, 1990). Perren (2000) highlights that in partnership, the business may benefit from the expanse psychological support the partners provide one another and from the reduced reliance upon a single owner's drive and judgment. And that the number of partners at start-up is a significant contributor to small business achieving high performance and growth. As the business grows, the entrepreneur is bound to face some challenges; therefore, finding partners may provide a valuable source of know-how as well as providing the cash needed for growth (Cooper et al., 1992, 1994).

Conversely, what constitute team or partnership business is unclear; this is without a common definition, for instance, it is unclear whether families could be considered an example of team entrepreneurship. Besides, there is a covert assumption that the partners share goals and objectives that boost business development (Storey and Greene, 2010). The point being emphasized is that some business start-ups, initially, will be established by a one single individual/owner, and then as things pick up and the business has grown, one or more new owners will be acquired. It would be a misleading impression for one to observe that the current team-owned business has grown faster than it used to be solo-owned, when in actual fact the correct interpretation is that the business grew before becoming team-owned (Storey & Greene, 2010). Dobbs & Hamilton (2007) argue that the growth orientation in small businesses that are founded by a multiple of partners is likely to be inhibited by conflict amongst the founders or partners. This may result from the personal agenda, ideologies and goals of individual partners which may conflict with the expected goals and objectives of the business. Besides, skills of individual partners in a team business are more likely to be very similar than diverse (Davidsson et al., 2004). Stam & Schutjens (2005) specifically observe that in the early years of the team start-up, the business performs better, but with passage of time, teams appear to have encountered more difficulty in achieving growth. This implies that the business may be achieving faster growth initially with team start-up, but this growth eventually evaporates or vanishes in the medium term.

Khan et al. (2005) fundamentally argue that, the entrepreneur's personality characteristics are responsible for growth and development of entrepreneurship. Khan et al. (200) imply that owner-manager's characteristics or personality profile largely impact on the owner-manager's ability to manage the growth of small medium-sized enterprises. The entrepreneur's characteristics refer to the characteristics of the individuals that provide the key resources for the establishment and running of the business (Fadahunsi, 2012). These characteristics are typically identifiable prior to the start-up, and they include the need for achievement; locus of control; risk-taking propensity; desire for autonomy; desire to achieve; opportunity seekers; reward-oriented among others (Khan et al., 2005; Storey and Greene, 2010). Carter & Jones-Evans (2000) posit that, when the coalescence of ownership and management are factored in small medium-sized enterprises, several personality characteristic of the entrepreneur are potentially influential factors to the growth prospects of their businesses. Perren (2000) finds that the desire to be "one's own boss" is an important factor in stimulating the growth motivation of owner-managers of small medium-sized enterprises. This means high performing businesses or start-ups are drawn by a strong desire for independence; that is the most common motivation is a desire for independence (Cassar, 2007).

However, it could be argued that an individual is likely to possess entrepreneurial abilities that are quite distinctive from that of the corporate organization (Iacobucci & Rosa 2005). It is extremely difficult to identify if there is any one particular trait or a combination of traits in explaining the entrepreneurial 'personality' (Chell, 2008). Gartner (1988) also harshly questions the value of entrepreneurial personality trait research; he contends that personality trait approaches are making the assumption that the entrepreneur has a fixed and identifiable personality type. Box et al. (1994) contend that there is no significant relationship existing between the need for achievement and any locus of control, and employment growth. Storey & Greene (2010) argue that until recent times, the examination of entrepreneurial personality traits had become a dead end; there is weak evidence, and it is very likely other factors such as luck, human capital or strategy are equally important in explaining the growth of business (Storey & Greene, 2010). The other thing is that many businesses are composed of a team of individuals, so, the growth of the business could be as a result of concerted effort of the partners or the collective characteristics of the team, rather than the characteristics of a single entrepreneurial 'hero' (Storey & Greene, 2010). This means there is lack of sufficient evidence to suggest that 'traditional' entrepreneur's characteristics such as risk taking propensity, locus of control, desire for autonomy, and need for achievement have any relationship with business growth (Gartner, 1988).

2.5.2 At Start-up Factors

A review of 'at start-up' factors and their relationship or influence on business growth follows after the review of the 'pre start-up' factors. One of the variables that are traditionally encountered in empirical studies of business growth is the size and age of the firm (Papadaki & Chami, 2002). The writers are suggesting that the size and age of the firm is considered to be a significant variable in business growth studies. Studies (e.g. Mata, 1994; Hall, 1987; Dunne et al, 1989) find an important role of size and age on firm growth. It is suggested two competing theories indicate that the initial size at start up plays a significant role on subsequent growth (Storey & Greene, 2010). Firms which initially begin small have a faster growth rate (Storey & Greene, 2010). The reason assigned to this faster growth rate is that for a business to survive, it is essential that the firm should be able to reach the minimum efficient scale (MES) of production. Without it, the business is likely to face closure because of high cost, so, in order to survive; the firm must endeavour to grow to the MES level. It is generally reported that younger and small and medium-sized businesses are inclined to grow faster and more rapidly than larger firms (Evans, 1987; Dunne and Hughes, 1994; Fadahunsi, 2012).

Contrary, it can be argued larger firms are the ones most likely to grow given that they have the sufficient resource (human and financial) capacity that will empower them to immediately hit the ground running and at the same time overcome any impediments in the way (Storey & Greene, 2010). An inverse relationship between the age and size of the firm and its subsequent growth has been found (Almus and Nerlinger, 2000), Davidsson et al. (2002); Glancey (1998) and Wijewardena & Tibbits (1999; Liu et al., 1999). Storey & Greene (2010) observe that the pattern of growth dependent upon the type of measure used is not clearly defined. For instance, various studies applying the employment measure find a mix of positive, negative and non-significant relationship, thus reflecting the nature of the conflicting theories (Storey & Greene, 2010). It seems less clear whether starting relatively large or small business enhances subsequent growth. More so there is lack of sufficient evidence proving that the relationship between the growth, size and age of the firm is very sensitive with respect to the method of estimation and definition of growth (Robson & Bennet, 2000; Heshmati, 2001). And a unique theoretical model that explains initial size and subsequent growth of new firms does not seem to exist (Storey, 1994b).

The other key factor identified as influencing growth of SMEs is the choice of legal form (Storey, 1994; Storey and Greene, 20101). This is by linking the decision of the business to be incorporated or otherwise to successful performance of the business. Khan et al. (2005) demonstrate that the growth of small medium-sized enterprises is largely influenced by legal factors.

Khan et al. (2005) contend that a uniform commercial law and a strong legal support for the protection of private property will influence growth of the business as this will determine the choice of particular legal form. It is demonstrated incorporated businesses – businesses under limited liability, have higher growth than unincorporated businesses, those under unlimited liability (Dietmar et al. 1998). It is explained that if an entrepreneur or a team of entrepreneurs choose incorporation they gain certain advantages over unincorporated firms (storey & Greene, 2010). Incorporation means the business becomes a separate legal entity independent from its founders/owners, and as a result of this legal form, the founders/owners have a limited liability (Storey & Greene, 2010). The implication is that in the event of the business going into liquidation, personal assets of the owners cannot be required as payment for any outstanding debt of the firm, rather the assets in the business that are held liable (Storey & Greene, 2010). Papadaki & Chami (2002) assert that several factors explain the connection between corporations and firm growth. Being incorporated allows the firm the ability to issue stock and their stockholders hold the right to resell their stock, (Papadaki & Chami, 2002), in other words, the business is able to ‘trade’ in equity shares which in return will increase the capital base of the business, ease the selling of the business and possibly offers tax advantage (Storey & Greene, 2010).

Papadaki & Chami (2002) argue that tax treatment of profits and equity as well as the liability of the entrepreneur under the various legal forms is likely to influence the owner's incentives for investment and subsequent growth. Thus owners of incorporated businesses are only liable up to the amount of their investment in the business, whilst owners of unincorporated businesses have a full liability to their entire personal assets. The implication is that incorporation has a potential of providing financial advantage (Chittenden & Sloan, 2006). Storey & Greene (2010) observe that being incorporated is beneficial to the firm as it is arguably identified that limited companies reassure their stakeholders such as suppliers and customers about the credibility of the firm. In terms of business growth, it is suggested that those businesses choosing to incorporate are more likely to grow because they treat credibility with both customers and suppliers as a an important priority, thus encouraging the acceptance of reporting arrangements of incorporation, such as producing audited public accounts (Storey & Greene, 2010).

Nonetheless, the benefits of incorporation is counterbalanced by increased tax liability and legal complexity as both corporate earnings and wealth are taxed at the corporate level (Papadaki & Chami, 2002), which obviously will have a negative influence on growth as it is a disincentive to the business. Incorporation may also be a 'fiction' to believe that the owners of the business enjoy limited liability. More often than not, this legal form comes with its own concomitant complexities as collateral, usually in the form of business owner's own house or a valuable asset is often required by external financiers such as banks as 'security' against any business loan (Storey & Greene, 2010). Storey & Greene (2010) show that the collateral is often sought regardless of the legal form of the business, and again, there are more regulatory checks involved in incorporation as well as a requirement to file audited financial accounts to the authorities, implying that this will increase the regulation and compliance costs for the business.

Furthermore, profits and equity of unincorporated business are taxed in proportion to the owner's share (Papadaki & Chami, 2002), implying that the unincorporated business owners gain tax advantage over the average employed individual (Storey & Greene, 2010). In a study to examine the differences in tax burden, it was found that individuals choose non-incorporation because they prefer less tax burden (Chittenden & Sloan, (2006) to examine the differences in tax burden between the self-employed and the employed, it was evidenced that individuals choose non-incorporation because they prefer less tax burden. It can be argued that incorporation is proxy for 'team' entrepreneurship (Storey & Greene, 2010). This means that team entrepreneurship is strongly correlated with incorporation, because incorporation generally requires more than one person in the business. So, it will be very difficult to determine whether growth is influenced by incorporation or team entrepreneurship. Therefore, the connection between incorporation and business growth, points to the need to understand better whether the connection reflects the owners driven motivation, the brand or simply a means for tax evasion, (Storey & Greene, 2010), implying that there is the need for a further clarity and empirical evidence on why business owners prefer a particular legal form (Chittenden & Sloan, 2006).

The sector an entrepreneur chooses to establish a business is identified as playing a significant role on the growth process of a business (Fadahunsi, 2012). Fadahunsi, (2012) suggests that the sector in which a firm operates has the potential to influence business growth, as businesses in specific industries which are characterized by a high degree of economies of scale, are more likely to exhibit higher growth rate than businesses operating in industries where scale of economies are relatively low or less important (Audretsch, 1995). The empirical observation of some sectors performing better than others could reflect the differences in production technologies inherent in particular sectors that can impact on the determination of the optimal size of the firm (Audretsch, 1995). Storey and Greene (2010) posit that how businesses choose their sectors as well as their ability to protect themselves from any aggressive and fierce competition is pivotal to business growth and success. This suggests that an understanding of how sectors or industries operate is integral to business growth.

Storey & Greene (2010) argue that the positioning of a business in order to enjoy this protection is the rationale behind Porter's (1980) five forces framework. It is imperative to consider the threat of new entrants (for example; creating barriers to entry, switching cost), threat of substitutes (for example; buyer switching cost, pricing of substitutes), the bargaining power of customers (for example; buyer concentration, buyer volume, price sensitivity), bargaining power of suppliers (for example; substitutes, supplier concentration), and intensity of competitive rivalry (for example; number of competitors, rate of industry growth, exit barriers, economies of scale).

Storey & Greene (2010) show that there has been a marked and significant shift in the structure of the UK economy away from manufacturing sector toward service sector, particularly, to knowledge intensive services such as finance, professional services and ICT. Knowledge intensive industries alone account for approximately a third of UK output and a quarter of total employment. This is in comparison with manufacturing sector which contributes just over a tenth to UK output and slightly less to employment (BIS, 2012). The, implication, therefore, is that the service sector is actually growing at a fast rate, and therefore, any business start-up operating or intending to operate in the service sector is likely to experience fast growth as compared to businesses in the agriculture and manufacturing sectors.

It is argued that small businesses in the service sector possess intangible competitive advantages, among other things, include personal attention to their stakeholders, specialized products and services, and established reputation (Bryson et al. 1997). The assumption is that these intangible competitive advantages ward off potential new entrants, thus, bringing any potential competition to the barest minimal. Storey & Greene (2010) highlight that the way business is carried out has seen a change over the years since the time of mass production and standardized goods. The reason is that minimum efficient scale (MES) has dropped in many industries, making it possible for smaller businesses to become highly competitive owing to the fact that they do not necessarily face any cost disadvantage.

On the contrary, even though the sector in which a business operates may be considered an influential factor on growth process in small medium-sized enterprises, but the extent to which it is a significant factor is not very clear (Fadahunsi, 2012). Furthermore, giving a precise definition for what a 'sector' is has become a difficult thing to do (Storey & Greene, 2010). In their study to find out what managers know about their sectorial classification, Mezias & Starbuck (2003) report that when managers were asked about their sectorial classification (known as the standard industrial classification – SIC), most managers had no idea what their specific sector was. It has been found that there are significant differences amongst sectors in the light of typical firm growth (Smallbone et al., 1995). There may be a limited evidence to associate a specific sector with business growth, even for businesses in the technology sector (Storey & Greene, 2010).

Cooper et al (1994) find substantial differences in industry, with small firms in retail and personal service sector having a lower growth rate. This could possibly reflect that in the retail and personal services, start-up barriers may be lower and hostile competitive pressures likely to characterize the sector. This means products or services in this sector are vulnerable and exposed to imitation and likely to cripple growth (Cooper et al., 1994). Almus & Nerlinger (1999) in their study of sectorial relationship with business growth find that new technology-based businesses are not likely to experience faster employment growth than other businesses. Deloitte & Touche (cited, in Storey & Greene, 2010) in their evidence, observe that fast-growth businesses (middle-market businesses with sales growing faster than 30 per cent per annum over a four-year period) were from a mix of sectors. These included sectors perceived to be 'dormant' or even in 'decline' (for example, the footwear manufacturing firms, construction firms, mechanical engineers). Furthermore, no evidence was found in the examination of UK and US fast-growth businesses of any sectors that contained disproportionate numbers of fast growing businesses (Storey & Greene, 2010).

Mmieh & Owusu-Frimpong (2009) argue that the Ghanaian economy has continued to evolve favourably, with an appreciable upswing in economic growth, an estimated growth of 5.9% in 2005, and a recorded growth rate of 6.1% in 2006. Mmieh & Owusu-Frimpong (2009) posit that the expansion in the Ghanaian economy is as a result of significant growth achieved in both industrial (manufacturing) and services sectors. This means it is not only in the service sector that businesses achieve faster growth. Mmieh et al. (2012) indicate that the Ghanaian economy continues to revolve around or depend on subsistence agriculture, which accounts for approximately 39% of the Nation's GDP, as well as employing nearly 50% of the workforce. This reflects the significant performance of and subsequent growth of businesses in the agricultural sector. It is in the view of the researcher that the extent to which the sector in which a business operates has a significant influence on growth is unclear. If fast business growth is associated with the service sector, then of course the other sectors such as agriculture and manufacturing will eventually collapse or decline. There are sectorial variations in the proportion of businesses experiencing high growth (Acs et al., 2008), and therefore, the examination of 'growth sectors' alone will likely result in the exclusion of many, and probably the majority of fast growing businesses.

Location of the business has been considered in literature of SMEs as having a role to play in the development and growth of the small business sector (Storey, 1994; Storey and Greene, 2010). This is to associate where the owner/entrepreneur chooses to locate the business to its subsequent performance and growth (Storey and Greene, 2010).

Generally speaking, location is considered as rural-urban split and each type of location has been identified as a potential source of both benefits and constraints (Fielden et al., 2003; Robinson & Finlay, 2007). Storey & Greene (2010) illustrate that there are three identified theoretical grounds for believing that there are perceived incentives that will benefit businesses that co-locate with other businesses. The three theoretical grounds are: access to pools of labour; cost advantages; and the possibility of knowledge spill overs (Storey & Greene, 2010).

Storey & Greene (2010) observe that being located amongst a cluster of businesses offers businesses an added advantage as it will enable them exploit prices and quality advantages. A ready pool or stock of labour provides the possibility of recruiting specialist and quality workers who, in turn, will bring their expertise to bear on the organisation, thus increasing the products and services the business has to offer. Proximity to suppliers also means that businesses are very likely to cut cost on transport. Finally, there are likely to be informational benefits as a result of being close to other businesses. This means that businesses could gain the opportunity to understand business practices much more clearly and develop their existing contacts.

These three theoretical grounds, in other words, externalities, may suggest that there is the possibility for businesses to benefit from ‘co-location’ (Storey & Greene, 2010: 279). Storey & Greene (2010) describe the benefits as ‘agglomeration advantages’ (form into cluster) in that businesses benefit in either way; to save or to exploit the presence of other businesses. It is, therefore, expected that fast growing businesses most likely, will be found in and around urban areas, especially in large urban concentrations. Storey & Greene (2010) suggest a relationship between a business location and its subsequent growth. This is because in general terms some locations in some parts of the world are considered to be more proactive and productive than other parts.

In a study of regional competitiveness, Greene et al. (2007) find that the East Coast and the West Coast (for example, New York and California) in the US are more productive and perform better than other states. Storey and Greene (2010) also indicate that the southern regions of England (that is London and the South East) are more productive than all other regions of England as well as Wales, Scotland and Northern Ireland. The general indicator of the importance of location is the relationship between labour and location. The assumption is that fast-growth businesses are more likely to be established in areas with businesses that can access specialist workers (Storey & Greene, 2010). Audia and Rider (2005) suggest that proximity offers a ‘blueprint’ for nascent entrepreneurs by, first, giving them access to pre-existing ‘role models’, and second, by providing them with the necessary experience as well as contacts to successfully exploit ideas. Baptista and Petro (2007) find in their examination of Portuguese businesses that employment growth in businesses is more likely to be stronger in 'dynamic' metropolitan locations. In a similar fashion, Hoogstra and Van Dikjk (2004) indicate that for Dutch Businesses, densely populated areas have a positive relationship with employment growth in the business.

The above expositions seem to point to the positive relationship between the location of a business and its subsequent growth. They suggest that densely populated areas benefit from positive externalities and have access to larger markets (Storey and Greene, 2010).

However, it could be disputed in determining the degree to which initial location of a nascent business influences its growth (Storey and Greene, 2010). The evidence may not be absolute because productivity of a region is an average of the performance of all its businesses; other fast-growth businesses can be located and perform better in other unfavourable areas, or in more rural regions (Storey and Greene, 2010). It could be suggested that where a business is located to do business or operate is not really an issue, rather how a business chooses to do business (Vaessen and Keeble, 1995). Acs et al. (2008) show that that in the United States, 'high-impact businesses are located in almost every region, every state, every metropolitan statistical area (MSA) and every county. This means that the location of the business has no relevance in its performance and growth.

In examining what really motivates the location decision of entrepreneurs or business owners, Birley and Westhead (1994) evidence that, for nascent and small businesses, the decision is highly based on the choice of lifestyle, for instance, freedom, flexibility, and being in absolute control. In a study of Portuguese entrepreneurs to identify what they consider as ideal location in establishing their businesses, Figueiredo et al. (2002) indicate that the 'home' is pivotal in their start-up. Figueiredo et al. (2002) observe that the reason behind this is that the location decision is often influenced by personal business nexus as well as family networks. It has been suggested home-based businesses constitute a high percentage of all businesses; they make up 67 per cent of self employed in the US, and 46 per cent of all business in the UK (Storey and Greene, 2010). Even though not always the case, an example of the success story of the home-based start-ups that has become so popular is Hewlett-Packard (HP) by William Hewlett and David Packard, who started their business in a garage in Palo Alto, California in the United States (Storey and Greene, 2010).

It is suggested that so many business are set up at or close to the home of the entrepreneur as a result of exploitable economic opportunities perceived to be found in local market (Stam, 2007). This means that the decision to locate and run a business from home is a rational economic one, besides, it is assumed to be compatible with a lifestyle choice of the entrepreneur. Stam (2007) argues that nascent businesses are faced with a high level of uncertainty about future profits, so choosing the home as the location for a start-up has a potential of reducing this risk by having a lower cost base. Storey and Greene (2010) illustrate that running a business from home has the potential of lowering the cost of overheads, which means that it provides the small business a cost advantage. Businesses run from the entrepreneur's home can equally become successful because of the fast growing use of the internet. A more qualitative evidence emanating from Stam's (2007) study suggest that fast growing businesses (referred to as 'butterflies') are likely to be radically different from start-ups (referred to as caterpillars'). He shows that businesses are very likely to stay within their home region or locality, after experiencing high performance or rapid growth. This means that fast growing businesses more often than not tend to be near their origin, in other words where they initially set up. Stam (2007) suggests this is highly due to economic costs already sunk into the firm.

Stam (2007) continues to show that the issue of location being an influential factor in the performance of small businesses and their subsequent growth, the evidence is still unclear as we might believe. Fast growing businesses could be possibly be found in many unfavourable locations. This means that an unfavourable location would not be considered as a major hindrance to performance and subsequent growth of the business (Storey and Greene, 2010). Besides, if businesses are concentrated or localized in one particular location, it will create regional imbalance. The region will attract prospective entrepreneurs who are likely to establish other industries there as a result of the accessibility of infrastructure facilities like power, transport, finance and labour. Thus such regions improve more whilst the other areas linger backward and struggle for development. Besides, there is the possibility of social problems or social vices arising out of localisation of industries in a particular locality. It will create many social problems such as congestion, emergence of slums, accidents, strikes to demand for pay rise and many more. These social vices are likely to have adverse effect on labour efficiency as well as the productive ability of the industry.

Furthermore, it is likely to collapse local markets and weaken trading activities in such areas. It will lead to a high rate of influx as it will see many rural folks migrating to the business-concentrated regions, thus creating population disparity. The other downside is that, the studies do not take into consideration the demand-side factors influencing the number of businesses in the market (Matlay, 2012). Several industries are likely to be demand-driven and not cost-driven, and that is to indicate that location decisions in industries such as retailing and accommodation, and food services are determined where demand factors are high. For instance, populous areas, high per capita income, accessible amenities, and not cost factors (Matlay, 2012).

2.5.3 Post Start-up Factors

Having reviewed a range of 'at start-up' factors and their significant relationship with business growth, the next and last phase reviews a range of 'post start-up' factors and their relationship with, or influence on business growth. In this final phase, 'post' start-up factors and their influence on small medium-sized business growth is reviewed. The focus is on examining a range of strategic factors that have potential influence on the performance and subsequent growth of a nascent and small business beyond 'pre start-up' and 'at start-up' of the business.

The small medium-sized business sector has until recently, been noted as one in which relatively little is known about its formal long range planning, however, there is an indication that the tide may be starting to fade (Kraus et al., 2006). Kraus et al. (2006) suggest that the performance and growth of a business could be associated with the formal plans or planning of the business. Now, the question that needs to be addressed is this; how should the entrepreneur or the business plan (Storey and Greene, 2010)? Should the planning focus or emphasize on a written formal business plan, on the assumption that such plans are a significant precursor to stimulate action (Storey and Greene, 2010: 291)? It has been advanced (Ansoff, 1991) that planning provides the framework for subsequent actions taking place in a business organisation.

Storey and Greene (2010: 291) argue that there are two potential benefits when business plans are written. Firstly, it enhances the ability of entrepreneurs to have a strategic view of their businesses, and this is particularly essential, especially in a case where the entrepreneur has no experience. Making mistakes on paper is not the same as actual money invested in the business. Besides, a written business plan may serve as reality check on overly optimistic entrepreneurs, and keep grounded. Masurel and Smith (2000) argue that long-range planning in small medium-sized enterprises is positively associated with a greater propensity for growth behaviour. Delmar and Shane (2003) have suggested that formal written plans actively steers the strategic direction of the firm. Delmar and Shane (2003) are proposing that planning enhances the speed of decision making process, assists in managing the efficient demand and supply of business resources, and allows for clear goal-setting.

Formal business plans benefit the firm by way of increasing the possibility or enhancing the chances of the business obtaining extra resources (Storey and Greene, 2010). This is because a written business plan can signal the quality of the firm to third parties or stakeholders such as financiers and potential investors. Storey and Greene (2010) propose that by clearly setting down the goals of the firm, and by establishing how these goals are achieved, as well as the potential benefits to would-be investors, the written business plan can explicitly legitimize the firm. This would enhance the prospects of the firm getting external funding.

In contrast to the above arguments in favour of a written business plan in relation to business growth, Mintzberg (1990) proposes a 'learning' approach towards the success of the business. Mintzberg (1990) advanced that quite apart from the intentions of the entrepreneur, it is expedient for the entrepreneur to 'improvise' strategy by 'trial and error' until it fits in and blend with the environment. This means that given the dynamic and variable nature of the business environment, formal written business plan would be extremely difficult to follow to the letter, and that entrepreneurs must be flexible and adapt to the changing environment.

Entrepreneurs would have to make numerous strategic adjustments, for instance, the introduction of a new product, contracting a new employee or expanding the existing market and/or developing a new market (North and Smallbone, 1995).

It could as well be argued that written business plans could be cumbersome and costly as they require a cost and time input from entrepreneur, and it is also unclear whether the plans, indeed, enhance the efficiency and competencies of the business owner or their business (Storey and Greene, 2010). Bhide (2000) proposes that experienced entrepreneurs, instead, pursue business opportunities than writing a plan for the exploitation of such opportunities. Generally, there is high level of external uncertainty facing entrepreneurs and small businesses than that facing larger businesses (Storey and Greene, 2010: 2) hence, in spite of the availability of adequate information to make seemingly robust and reliable plans with regards the future of the business, an unforeseen circumstance may still occur to completely destroy the strategic direction of the business (Storey and Greene, 291). It is for this reason, that most entrepreneurs or small businesses, aware of the high level of unexpected eventualities, would rather spend their time in pursuing their business idea or agenda than focusing on business plan (Bhide, 2000).

Arguably, written business plans provide less significant value to the business itself, they are merely ‘mimetic’, ‘coercive’ or ‘normative’ devices (Honig and Karlsson, 2004). By ‘mimetic’ Honig and Karlsson (2004) are indicating that in order for a business to be legitimized, in other words considered as a recognized business, it has to act like the others in the industry. In that case, writing a business plan is one way of being similar to the others. By ‘coercive’, Honig and Karlsson (2004) mean that attracting funding through government funding scheme or from private financier may, somehow, depend on presentation of a business plan. The authors suggest that prospective entrepreneurs do not necessarily see intrinsic value to write a business plan, rather, the reason behind writing a business plan is as a result of simply meeting what is expected of them. Honig and Karlsson (2004) argue that business plans are 'normative' in that they are surrounded by a set of norms, implying that they follow a prescribed standard.

Particular studies show that not all businesses are interested in writing a business plan. Honig and Karlsson (2004) found that out of as many as ten million business plans that are written across the globe each year (Gumpert, 2002), only 23 per cent of new businesses write a formal business plan. Again, Bhide (2000) finds in his study of 500 Inc. starts-up in the US that only 28 per cent of the businesses had well developed written business plan, 41 per cent had no business plans whatsoever, and others. This presupposes that businesses that experience fast-growth would appear less likely to write a formal business plan. Karlsson & Honig (2009) found that businesses that use a formal plan at the start-up, only do so to legitimize the business, and once the legitimization had taken place, the entrepreneurs abandon the business plan, they no longer update or refer to their business plans as the business grows or progresses.

In the view of the researcher, the actual empirical evidence can be said to be mixed and ambiguous. One ambiguity is that the relationship between formal written plans and planning is still unclear and poorly understood. Storey and Greene (2010) indicate that it is observable that business plans are written for variety of reasons and audiences. The diversity of reasons makes it extremely difficult to link the writing of a business plan to enhanced business performance. In a nutshell, very little is known of how formal written business plans are actually applied or implemented in the planning process of a nascent and existing business.

Again, workforce training has been identified in literature and becomes topical issue in SME research. Khan et al. (2005) argue that the growth of small medium-sized enterprise results from the availability of, and easy access to training facilities, in other words training for the workforce. The training of the workforce, generally, is an idea that connects the level of training provided the employees of an organization (business) to the organization's propensity to grow (Fadahunsi, 2012). This is an indication that the success and growth of the business is, somehow, closely linked to its ability and willingness to invest in its human resource (Storey and Greene, 2010). Storey and Greene (2010) posit that investing in the people in business is central to the resource-based view (RBV), which suggests that the basis of a firm's competitive strength is that it can boast of unparalleled, non-imitable package of resources. The employees, among other things, is one of the non-imitable bundle of resources the business can boast of (Storey and Greene, 2010), and the expectation is that a small business enterprise that invests more heavily in workforce training is likely to perform better than otherwise similar business that invests relatively less in workforce training.

Khan et al. (2005) argue that countries where there is the lack of training facilities, then of course entrepreneurship in small and medium-sized enterprise is virtually dead; or entrepreneurship is gone underground. In a longitudinal study, Savery and Luks (2004) find that businesses with an expressed growth desire or intention are inclined to invest in its human resource training, thus assuming a typically positive association between the existence of staff training and small medium-sized enterprise growth. Lending credence to the positive relationship between employee training and business growth, Inchniowski et al. (1997) argue that better performing businesses or businesses with the intention to grow are characterized by high performing work practices, such as training facility, recruitment procedures, appraisals and many more. Inchniowski et al. (1997) are indicating that high performing businesses are those that take cognisance of all or most human resource variables such as training provision, recruitment procedures and appraisals.

Further evidence to show a positive link between training and business growth, Fraser (2003) finds a positive relationship between publicly provided training schemes and high performance. In examining smaller businesses in Canada, Betcherman et al. (1997) find that there exists a positive relationship between training and performance. In an affirmation, UK-based studies show a positive association between training and performance, for instance there is a positive link between human resource practices and profitability of the business (Patterson et al., 1997), and a positive link between human resource practices and employment growth (Cosh et al., 2000).

The above arguments in support of a positive relationship between training and performance, notwithstanding, it remains an open question whether a growing small enterprise is more likely to invest in workforce training than the one that is not. Fadahuni (2012) indicates that the question of whether there is any link between training and high performance remains a highly topical issue in small medium-sized business sector. Storey & Greene (2010) indicate that a number of review studies show a contrasting position by pointing to the absence of any association between training and business growth. According to Storey and Greene (2010), these review studies demonstrate the presence of a number of methodological and empirical difficulties in identifying any relationship (Storey and Greene, 2010), the assumption is that it is unclear whether small business enterprises are likely or less likely to provide and benefit from formal training for their staff than bigger firms. Forth et al. (2006) show that small business firms are considerably less likely to provide formal off-the-job training for their staff, especially the experienced employees in the core occupations than in larger firms.

Kitching and Blackburn (2004) observe that most small business enterprises make provision for informal training for their employees; and such informal training is considered likely to be more effective in facilitating and enhancing staff learning in small medium-sized enterprises than formal training (Coetzer and Perry, 2008). Informal training and learning are described as a far more diffuse process that takes place throughout the organization as the individual observes, imitates and also learns from others in a fragmented and unstructured way (Storey and Greene, 2010). Because much of the training in small medium-sized enterprises is informal or job-based rather than formal, it is therefore difficult to identify or quantify the contribution of such training to business performance (Kitching and Blackburn, 2002).

Storey and Greene (2010) argue from the standpoint of entrepreneurs why they refuse to receive formal training or provide one for their employees, one would be compelled to admit that the best form of training is 'doing the job'. Besides, another consideration could be that the supposed 'trainers' are likely to be people with inferior entrepreneurial skills; implying that there is no point in receiving training from 'novice' trainers who are less entrepreneurial or do not have a clue. Patton et al. (2000) observe that training is an integral part of human resource factors that may impact business growth, therefore, to isolate the influence of training from other factors will be a difficult thing to do. The importance of training was of no significant value when Betcherman et al. (1997) examined a wider range of other influential factors in addition to training. They find that other non-human resource practices had a stronger relationship with performance than training. According to Kayanula and Quartey (cited in Abor and Quartey, 2010, p.224) regardless of numerous institutions and training centres providing training and other advisory services to improve upon entrepreneurial skills and activities, there is still a big skill gap in the SME sector as a whole.

Given the overall impression, it is in the view of the researcher that amongst small medium-sized enterprises, the evidence for a causal relationship between formal workforce training and business performance is, at the very best, mixed (Kitching and Blackburn, 2002; Storey 2004). It is unclear as to the level of relationship between formal training and business growth. The overall impression, therefore (Storey and Greene, 2010) is that it will be extremely difficult to identify and establish any strong link between formal workforce training and business growth. Besides, the monetary cost to be incurred by the small businesses in providing formal training for their employees has not been addressed. Providing a formal training is likely to bring about a financial strain on the small business given that they have a weak capital-base.

Access to finance and the use of it has been recognized as a key performance-enhanced factor. Papadaki and Chami (2002) argue that sources of financing and the availability to the firm are shown to have impact on the growth performance of the business. Therefore, it is important to recognize that easy access to sources of finance facilitates the growth of small medium-sized businesses, whereas inadequate supply of this perceived influential factor stifles growth of businesses (Moreno and Casillas, 2007). This is because easy access to source of finance enhances the financial strength of the business; it enables its ability to acquire capital equipment such as machinery, to acquire premises, to promote its export and import agenda, to build up stock levels, as well as empowering the business to fund research and development of new products or services (Storey and Greene, 2010). The implication is that inability to access easy sources of finance will incapacitate the business from undertaking the above functions, and will inevitably cripple growth.

Access to financing (Ahmad et al. 2012: p: 517) continues to be an influential factor or issue for the formation, endurance and enlargement of the sector. Ahmad et al. (2012, p: 517) observe that access to funding is an essential factor in the performance, sustainability and growth of small medium-sized enterprises. Fadahunsi (2012: 111) suggests that accessibility and the use of financial resources are quite often critical influential factors impacting the ability of small medium-sized enterprises to carry out growth opportunities. It has been highlighted (Beck and Demirguc-Kunt, 2006) that an uphill constraint confronting small medium-sized businesses in both the developed and developing countries is access to sources of finance. Beck and Demirguc-Kunt (2006) argue that a lack of finance is an obstacle to growth in small businesses. External source of finance has been linked to growth of small businesses (Birley and Westhead, 1990); showing that businesses established by solely relying on the personal funds of the founder are less likely to grow than those that use some form of external financial support.

On the contrary, inasmuch as it could be admitted that businesses cannot run without a financial lubricant, it is extremely difficult to prove the role played in business growth, if any at all, by financial constraint (Storey and Greene, 2010). Storey and Greene (2010) in their findings show mixed evidence that associates finance to nascent and small business growth, there is lack of clear evidence in their findings explicitly linking the use of external equity to business growth. Parker et al. (2010) in tracking a group of 'gazelles' and their performance as the years go by, find that the gazelles that are consistent in their rapid growth are the ones that do not access external sources of finance through the sale of equity to outsiders. Parker et al. (2010) demonstrate that where the owners or entrepreneurs are highly confident of the success of the business and its subsequent growth, they are very unlikely to trade or share ownership with others; rather, they will resort to myriad of financing sources that do not require them to share ownership. Empirical evidence indicates that one of the myriad of financing sources other than external equity is retained earnings (Baldwin et al., 1994); retained earnings are the predominant sources of financing among growing small medium-sized enterprises.

The interpretation is that a key issue for most entrepreneurs not relying on external source of financing is not the lack of accessibility; instead it centres on the decision to avoid any possibility of diluting ownership (Burns, 2001). Burns (2001) argues that small business owners are noted for their unwillingness to share ownership and as a result the financial institutions are reluctant to lend to such businesses, often demanding what is described as 'safety-net' collateral that many a small firm find it really hard to produce. Equinox (2000) also echoes that small business entrepreneurs are reluctant to access external equity financing as a result of their unwillingness to lose control of their businesses, even if it is at the expense of business growth.

Cosh et al. (2009) in their study of 'super' growth UK businesses find that 76 per cent had no need for equity financing, whilst 32 per cent indicate they are unwilling to give up control of their business, in other words, they are not willing to share ownership. This suggests that only when entrepreneurs are less confident in what they are doing that they are more likely to sell ownership for equity. Khan, Alam and Khan (2005) contend that SMEs face an uphill struggle because the commercial lending institutions typically deny them of their financial requirement primarily due to their weakness in providing fixed assets as collateral. In addition, research in industrial organization has revealed that the SME sector is less likely to take shape and form when market imperfections make capital acquisition very cumbersome for the sector (Shane and Venkataraman, 2000: 224). This presupposes that if the finance market works well then good businesses will have easy access to funding (Storey and Greene, 2010). The market imperfection phenomena results in nascent firm owners relying on their initial equity simply because at the time of start-up, they may not be in the position of presenting an attractive investment avenue to financial providers (Abor and Biekpe, 2009). In spite of financial institutions doubling their services in supporting the SMEs in Ghana (Mmieh and Owusu-Frimpong, 2009), the sector is still dominated by subsistence activities.

It could be noted that the choice of finance by the entrepreneur is at least partly a reflection of their aspirations for the business (Storey and Greene, 2010). The business owner who wants to be in total control of their business is not willing to share ownership in exchange of having a bigger and probably more valuable business. Other businesses prefer to use retained profit instead of relying on external financing, and again, where business owners are confident the business will succeed, they rely on other means of financing without having to share ownership.

The other influential factor identified in literature of SMEs as affecting the success and performance of a business is the managerial or entrepreneurial skill and strategy of the business (Storey and Greene, 2010: 296). Storey and Greene (2010) highlight that, research is likely to lay emphasis on such links when business owners or managers are asked about the secret of their success in business. It is expected such individuals are likely to lay claim to or attribute it to their own managerial skills, or their successful implementation of a strategy. According to Cooney (2012), recent review of entrepreneurship literature clearly shows that entrepreneurship involves more than a mere business start-up; it as well includes the development of skills to grow a business, in addition to the personal competencies for the success of the business. It means that critical thinking and problem solving are considered as key skills, while it is appreciated that skill development relating to risk-taking, innovation, creativity and collaboration are recognized as essentials for business growth (Cooney, 2012).

Brandstatter (1997) suggests that, although there are a number of reasons why so many nascent businesses fail within the first five years, and among the most frequent causes of failure may include misfit of personality structure and task structure. Brandstatter (1997) argues that it is emotional stability and independence that foster the skills necessary and required for business success, particularly during the initialization phase or stage when entrepreneurs need to have the courage to take risks, and have the flexibility and persistence to pursue their goals. These skill-sets necessary and required for business growth are broken into four main dimensions by Kutzhanova et al. (2009) when they examined an Entrepreneurial Development System located in the Appalachain region of USA, they identified the following: (a) Technical Skills – they are the skills required for producing the business' product or service; (b) Managerial Skills- these are necessary for the day-to-day management and administration of the firm; (c) Entrepreneurial Skills – they are essential and involve the recognition of economic opportunities and acting or taking effective action on them; and (d) Personal Maturity Skills – these include self-awareness, accountability, emotional skills and creative skills.

The authors imply the identified set of skills which include entrepreneurial skills, are necessary for the performance and growth of the business.

It has been shown that nine out of ten business failures in the United States are caused by a lack of general business management skills and planning (Troy State University, 2003). The assumption is that entrepreneurial skills requirement is essential in business growth as according to O'Hara (2011) they are necessary in (i) equipping the entrepreneur the ability to identify and exploit a business opportunity; (ii) enhancing human creative effort in developing a business or building something valuable; (iii) empowering one with the willingness to take risk; and (iv) galvanize one with the competence to organize the necessary resources to respond to the opportunity. It is, therefore, imperative that businesses need managers with varying sets of expertise and abilities to assist in business development (Willard et al., 1992).

Conversely, accurately identifying the precise contribution of entrepreneurial skills and strategies is perhaps the single most challenging dimension in understanding nascent and small business growth (Storey and Greene, 2010). This is because the entrepreneurial or managerial skill requirements of managing a nascent or start-up business which is likely not to have any employees, are, indeed, different from managerial requirements of managing either a large firm or a smaller, fast growing business (Storey and Greene, 2010). Cromie and John (1983) conclude that the skills necessary to ensure the growth and development of a business venture may well be different from those required to conceive and launch a business. The view of the entrepreneurial process as a dynamic one is becoming more widely recognized, for example Hisrich (1990) argues that as a business or organization enters a growth phase there is an increasing need for entrepreneurs to have 'managerial skills' in order to be able to meet the growing challenges. Besides, what seems reasonable is that managerial skills and strategies are likely to vary across the 'life-cycle' of the business (Storey and Greene, 2010).

The majority of new business owners set up businesses in the industry in which they had previously been employed (Carter and Cannon, 1988). This means that the success and subsequent growth of the nascent business they establish is likely to be attributed to the industrial experience they might have acquired over the years in stark contrast to any supposed special entrepreneurial skills they possess. Storey and Greene (2010) indicate that from the onset founders may be prepared to go out of their way or go the extra mile to ensure success as they consider the business as their 'baby'. Founders may as well own a substantial share of the business thereby reducing the potential conflict between owners and managers.

The other thing is that the founders, indeed, may possess significant managerial and entrepreneurial skills which may have resulted in the growth of the business. Covin and Slevin (1989) strongly contest the notion of 'one size fits all' managerial strategy. Covin and Slevin (1989) argued that the managerial strategies associated with high business growth in 'hostile' marketplaces appears to differ radically from managerial strategies that work well in more 'benign' environments. They find, in the simplest term, that procedural managerial strategies seem to work well in benign business environments while being 'light on the feet' will be associated with good performance in a hostile business environment. This means that should the external environment change for reasons beyond the control of the business, for instance, when the environment becomes more hostile as a result of the entry of a new business, obviously the ideal managerial skill set will likely change. Simply put, an ideal manager in one situation may prove a bad manager in another situation (Covin and Slevin, 1989). Storey and Greene (2010) conclude that another reason why the link between the founder skills and performance may be that obscure is that as the business grows, it is expected that additional structures will be added. The business may be run by a team of managers or board of directors who are likely to exert a powerful influence on the strategy or the direction of the business, in contrast to sole director who effectively affects and influences growth. Such influences are likely to dilute the link between owners or founders and performance (Storey and Greene, 2010).

In the view of the researcher, the association between entrepreneurial skills or managerial strategy and business growth is not clearly defined. It is possible that the growth of business may result in the change of these entrepreneurial skills and strategies, besides; changes to the external environment are also likely to place a different premium upon different skills and strategies (Storey and Greene, 2010). The Schumpeterian tradition indicates that growth is closely associated with a business' ability to innovate (Nelson and Winter, 1982).

The Schumpeterian tradition as suggested by Nelson and Winter (1982) proposed that for a business to sustain growth; a business must constantly respond to customers' needs through innovation; improving upon existing products in novel and precise ways. The tradition holds that an innovative firm is a growing firm; which is innovation is a powerful influential factor behind differences in firms' performance, with businesses that innovate successfully growing at the expense of their less able competitors or non-innovators. Indeed, evolutionary theories of economic change speculate that processes of technological innovation and imitation are major drivers of the relative performance of businesses and the evolution of industrial structure (Nelson and Winter, 1982).

Support for the significance of innovation in relation to performance is the empirical studies which demonstrate that high growth SMEs in Canada, the USA and Europe are more innovative (Baldwin, 1995; OECD, 2000). In examining UK businesses, Geroski and Machin (1992) found that innovation enhances sales and profitability, thus providing funding for further innovation which will in turn lead to further sales and profitability growth. They observe that innovators out-performed non-innovators. This seems to make it clear the relationship between innovation and performance of large businesses. Nelson (1991) states that for a firm to survive in a context characterized by Schumpeterian competition, merely producing a given set of goods and services, or employing a given set of inputs and process technologies, will not be adequate. To achieve success over a long period of time, firms must endeavour to develop the ability to innovate and then to profit from that innovation.

In a similar fashion to establish the close association between innovation and growth business, Roper (1999) indicates that innovators in UK, Germany and Ireland may achieve growth than non-innovators. Calvo (2006) finds similar results in Spain, to affirm any relationship between innovation and business performance and growth. The assumption here is that integral to high business performance and subsequent to growth is innovation (Storey and Greene, 2010). Different endowments of innovation capabilities, that is different stocks of technological knowledge and different degrees of efficiency in the search for innovations - will eventually lead to persistent differences in the economic performance of competing firms (Dosi, 1988). Therefore, it can be convincingly suggested that there is a stable association between the stock of innovative capabilities owned by a business, its output and its economic outcomes.

Mason et al. (2009) argue that high-growth firms are major innovators. They highlight that the ability of high-growth firms to outperform others derives in large part from their high degree of successful innovation. In their study of UK firms to establish whether innovation drives performance and growth in businesses, they find that innovative firms grow twice as fast, both in employment and sales, than firms that are less innovative or fail to innovate.

On the flip side of the argument in relation to association between innovation and business performance, what is baffling about this stream of applied research work is that successful innovations do not appear to have a significant impact on the growth rate of sales, in contrasts to a body of the theoretical literature which suggests that there is a close link between innovation and growth (Nelson and Winter, 1982; Klette and Griliches, 2000; Klette and Kortum, 2004). Besides, the measurement of innovation activities is also problematic in that traditional indicators, such as R&D expenditures and patent counts, even though extensively used in the literature, suffer from setbacks, thus making their application questionable, in several contexts (Kleinknecht, 1993). The measurement issues are likely to make it difficult to assess the relationship between growth and innovation (Storey and Greene, 2010). Storey and Greene (2010) observe that if growth measure is employment, then 'productive' innovation may mean employment actually falls if the innovation replaces the workforce. For instance, in the 1980s and 1990s when robots began to replace humans in the car production assembly, there was a decline in employment. Also, some of the measures of innovation are somewhat crude and are likely to mask the reasons why firms embark on innovation (Storey and Greene, 2010). Cefis (2003) finds that businesses that embark on innovation in one period stop innovating a short time later. Arguably, making it extremely difficult to draw any association between innovation and performance as the former is not likely to be persistent feature of SMEs activity.

It is argued (Storey and Greene, 2010) that there are recognized lags in the innovation process owing to the fact innovations are unlikely to come 'on stream' instantly, and aggressive competition is likely to eat into the profit from innovation. Storey and Greene (2010) posit that any relationship between innovation and business performance is likely to be 'lagged', therefore, it may take many years for the realization of the financial returns from innovation, and the variance in the lag is likely to be huge for smaller businesses. Empirical evidence of the relationship between innovation and business growth has until recently been mixed. While employment growth is usually positively related to product innovations, the effects of process innovations on employment growth are more variable (Mason et al., 2009).

Hoffman et al. (1998) conclude in their review that the mixture of extant research results indicates that though innovation is perceived to be widespread among SMEs, it does not directly reflect in any improved business performance and ultimately greater profit level. Coad & Rao (2008) in their review find no general link between innovation and business performance amongst SMEs, and providing support for the position of Coad and Rao (2008), O'Reagan et al. (2006) in their findings after examining fast-growth manufacturing businesses in the electronic and electrical engineering sector, observe that there is no such relationship between fast growth an innovation. The assumption is that there seems not to be a clearly defined direct nexus between innovation and business growth.

Storey and Greene (2010) conclude that, among other things, the reasons why close association between innovation and growth among small businesses appear to be less robust are following: (i) Greater external uncertainty faced by SMEs as to whether a product or a process will be successful; (ii) The risk that a product or process will be impossible to commercialize, after successfully passing through the research and development stage; (iii) In the case of successful commercialization of product or process, the return from investment is more likely to be inadequate to justify subsequent production; and (iv) There may be a considerable cost in terms of time and money, involved.

In the view of the researcher, in spite of some empirical support in relation to innovation and business growth, more open to question is whether there is adequate support, across a wide range of small firms, for innovation to be considered as a major factor influencing business growth. This is partly due to the problem with measuring innovation (Storey and Greene, 2010).

Khan et al (2005) suggest that infrastructure factors such as the adoption of technological sophistication (web technology) can have an influence on the performance and growth of small businesses. Lee et al. (2012) argue that a firm’s possession and use of technical infrastructure or resources (web technology) could be a powerful tool to enhance the implementation of a firm’s growth objective. Particularly, the possession of technical resources may be a moderating factor to surmount disadvantages associated with both size and market experience. Other things being equal, firms that adopt greater levels of technical infrastructure are likely to grow faster than similar firms not doing same (Fadahunsi, 2012). This is because of the potential opportunities and benefits associated with electronic commerce. Among other things are improving and strengthening customer relationship, enhancing the firm’s image, promoting information exchange, the ability to compete with corporate businesses and facilitating the discovery of new cum access to global markets (Fariselli et al., 1999).

Matlay (2012: 581) shows that one of the key driving forces or influential factors for small business growth is technical infrastructure; and broadband appears to be the new infrastructure crucial for the prosperousness of SMEs. Matlay (2012) argues that broadband provides important opportunities for SMEs to expand their market opportunities, increase their performance, grow and improve their competitiveness in today’s global market. Matlay

(2012) is indicating that there are perceived immense potential benefits of broadband technology for SMEs; it enables SMEs to engage in e-commerce and e-business, it provides new market opportunities, it enhances harmonious relationship with customers and suppliers alike, it improves marketing techniques and increases SME performance. Khan et al. (2005) examining small businesses in Bangladesh find that infrastructure factors such as telecommunication, networks and technology are key influential resources responsible for growth and development of entrepreneurship in small-scale business.

In spite of the immense potential benefit of broadband technology, SMEs lag behind the large corporations in broadband connectivity and its usage (Matlay, 2012). This suggests there is a digital gulf between SMEs and their larger counterparts. Arbore and Ordanini, (2006) also contend that there exists a digital gap between urban SMEs and rural SMEs. Even though the availability of broadband is perceived to influence increase in the growth of SMEs, the impact is likely to differ from industry to industry and across sectors (Matlay, 2012). Although, broadband is perceived to facilitate growth in small businesses, arguably, it could as well breed unhealthy and unfavourable competition, eventually killing local firms and driving them out of business (Al-Sharkas et al., 2008). The assumption is that greater access to broadband will eventually lead to loss of an establishment; which may be indicative of the economies of scale and scope characteristic of the particular industry. For example, the availability and easy access to broadband may encourage consolidation of banks and financial institutions because they are able to effectively reach out to geographically distance markets electronically which will result in increasing competition with smaller local ''bricks and mortar'' financial service providers that are unable to compete effectively (Al-Sharkas et al., 2008). The implication is that greater access to broadband availability could as well result in loss of establishments or businesses.

What does seem reasonable to suggest is that, while technology is ‘human constructed’, technological progress may not be an especially democratic or egalitarian process, (Mokyr, 2008: 4) writes that: "It is a small elite of original, skilled, and driven minds that drives technological progress." Furthermore, it may well be suggested that businesses are likely to oppose technological progress, as a result of ethical, religious, and probably dietary reasons or concerns. For example, GM foods, stem-cell research or probably like the Luddites; which are being motivated by often unfounded fears of labour-saving ‘technological unemployment’ - whereby labour is replaced by capital (Mokyr, 2008; Strassman, 1997). The authors observe that there is no discernible relationship between technological infrastructure investment and any measure of business profitability, including return on assets, return on equity, and economic value added.

The impact of adoption of new technologies on SME performance and growth in the Canadian manufacturing sector showed no palpable evidence of the influence of adoption of e-commerce enabling technologies on small business growth (Baldwin, 1994; 1995). Similarly, Hitt and Brynjolfsson (1996) in their investigation of examining the association between technological infrastructure and business growth yielded mixed results. The contention that investment in technology infrastructure can easily be duplicated by competitors, therefore, technology investment by itself may not provide any sustained competitive advantage. Rather, it is down to the firm to leverage its investment to create unique technology resources that determine a business’ overall effectiveness and efficiency (Clemons and Row, 1991; Mata et al. 1995).

In the view of the researcher, the adoption and use of web technology infrastructure, claimed in SME literature as fundamental to a firm's survival and growth, its impact on business growth is not very clear and still lacks strong case. The discussion shows mixed evidence as to the actual influence of technology on business performance and growth. It could possibly be pointed out that scholars are still battered with uphill battle to specify the underlying mechanism associating technology with financial performance (Bharadwaj, 2000).

In the next sub-chapter is the research framework of this thesis. This construct is based on the factors identified from the review of literature, drawing on Storey (1994) analytical distinction between 'pre start-up' factors, 'at start-up' factors and 'post start-up' factors.

2.6 Original Research Framework

In this section (2.6), author of this thesis provides the research framework (RF). This research framework is based on empirical evidence identified in literature.

For a field of social science to have some usefulness, it ought to have a research framework that seeks to offer explanation and prediction of a set of empirical phenomena (Shane and Venkataraman, 2000). Hitherto, the field of entrepreneurship has lacked such a conceptual framework, and instead of providing explanation and predicting a unique set of phenomena, entrepreneurship has become a broad label under which a hodgepodge of research is accommodated (Shane and Venkataraman, 2000).

In an attempt to fill the research gap, this sub-chapter attempts to propose a framework to explain factors that influence the growth of SMEs. The research framework is developed based on a broad literature review to identify factors that influence growth of SMEs. The ocean of literature reviewed identified that a blend of 'pre start-up' factors, 'at start-up' factors and ‘post start-up’ factors drawn on Storey’s (1994) categorised factors, all play integral role in influencing business growth.

Figure 2.1 below shows that growth is operationalized by ‘pre start-up’ variables, ‘at start-up’ variables and ‘post start-up’ variables.

Constructs Derived From the Review of Literatures

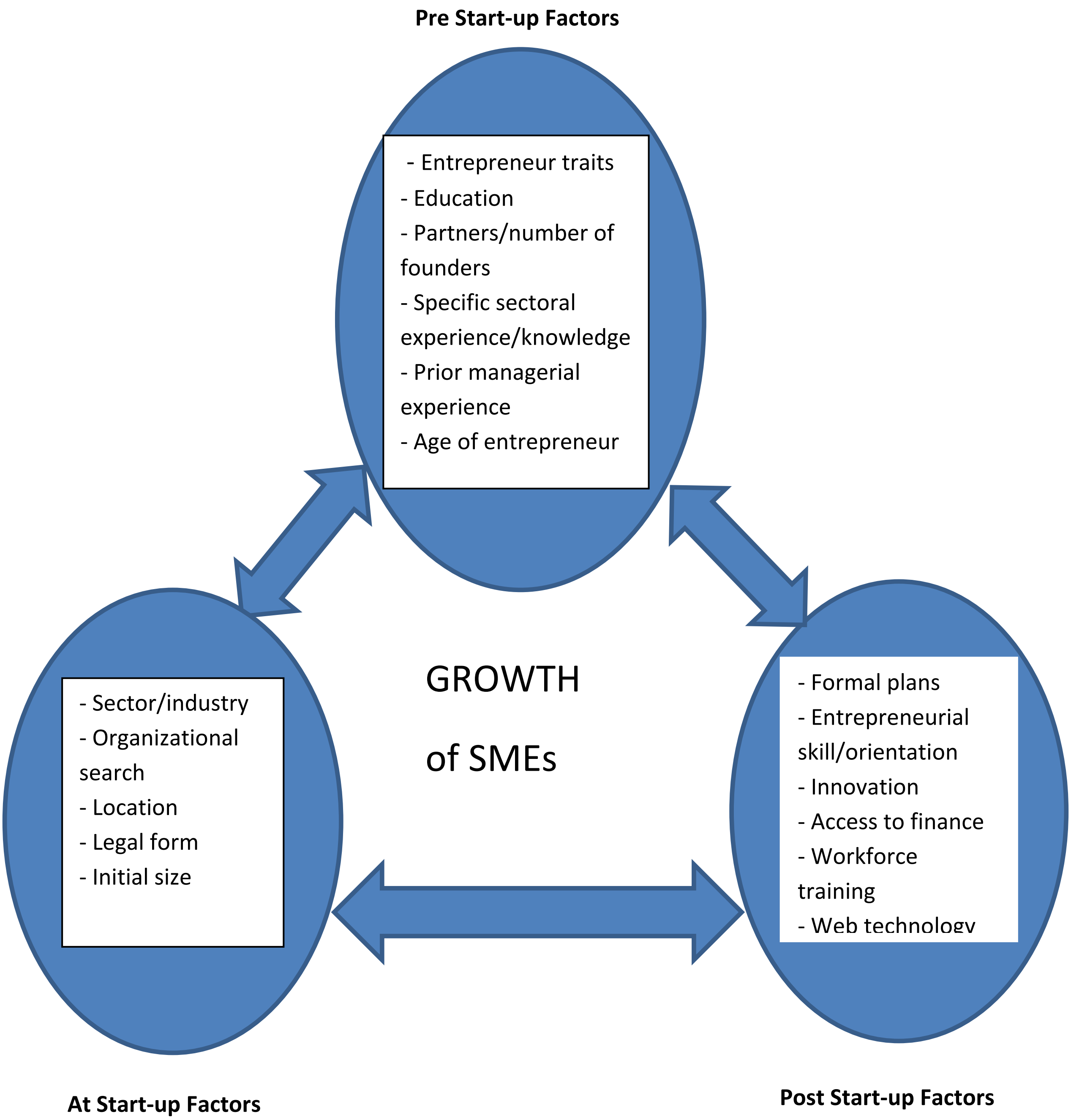

Fig 2.1

The figure (2.1) shows variables influencing growth of SMEs gleaned from extant literatures.

These variables are illustrated in the above research framework labelled figure 2.1, and are classified into three main distinct categories of 'pre' start-up factors; 'at' start-up factors and; 'post' start-up factors (Storey, 1994).

The framework shows 'growth' sitting in the middle of the diagram, surrounded by a triangular object of ovals, and three bars of pointed arrows on either side connecting the ovals. The diagram illustrates that 'growth', which is a dependent variable is largely affected by independent variables of 'pre' start-up factors, 'at' start-up factors and 'post' start-up factors as illustrated in the three ovals.

A review of literatures as revealed in the framework (fig 2.1) shows that there are key influential variables that affect the development and growth of new or small businesses before the commencement of the business. These key influential variables are identified in the 'pre' start-up factors oval in the diagram. The diagram suggests that the success or failure of the business partly depends on a range of core variables – 'pre' start-up characteristics of the owner/manager as illustrated in the diagram, that are commonly associated with business growth (Storey, 1994; Storey and Greene, 2010). The 'pre' start-up core variables include; entrepreneur traits, the level of education of owner/manager, the age of owner/manager, specific sectoral experience, prior managerial experience and the number of founding fathers, all of which are the entrepreneur and their resources (Storey, 1994; Storey and Greene, 2010).

Again, the research framework in figure 2.1 demonstrates that the other set of key influential factors affecting the growth of the business are identified at the 'at' start-up stage of the business. These are the business-level variables that affect growth once the business has begun, and they include; the sector or industry the owner/manager engages in business, the level of organizational search, the location owner/manager decides to set up the business, the choice of legal form and; the initial size of the business all of which are illustrated in the ‘at’ start-up oval in the diagram (fig 2.1). The review of literatures suggests that the growth of small businesses to a large extent depends on key variables found at the ‘at’ start-up stage of the business and that a change in circumstance of any of the key variables at the ‘at’ start-up will influence business performance.

Lastly, the third group of core variables identified through the review of literatures are found at the ‘post’ start-up stage of the business. Once the business has come into existence, there is a range of strategic variables that potentially influence the performance of the new or the small business. This is a range of strategic factors (Storey, 1994; Storey and Greene, 2010) that are often commonly associated with the development and growth of small businesses. The key variables include; the formal plans of the firm, entrepreneurial skill or orientation, access to finance, level of workforce training, the adoption and use of technology and the innovative activity of the business, all of which are illustrated in the ‘post’ start-up oval in the triangular diagram in figure 2.1. The review of literatures suggests that the development and growth of small businesses largely depends on the interplay of these three groups of core independent variables, and that a change in the circumstance of any of the independent variables will certainly have either adverse or positive impact on growth (dependent variable) of the business.

The key variables identified by literature, and categorised into three main or broad headings are discussed below.

Pre start-up Determining Variables

Entrepreneur traits; these refer to a range of personal traits of characteristics of the person or persons that provide the key resources for establishing the business, which are typically identifiable prior to establishing the business (Davidsson, 1989). The key entrepreneurs or founders of the small medium-sized enterprises, function as the CEOs (Burger-Helmchen, 2008), and play a domineering role in the business, therefore, their personality traits greatly affect the strategic direction of the business (Miller and Toulouse, 1986; Castaldi, 1986; Wincent and Westerberg, 2005; Peterson et al., 2003; Judge et al., 2009).

Education; as an enterprise management tool, the level of education of the owner/manager influences the entrepreneur's motivation and ability to use a number of skills useful in managing businesses (Storey, 1994). Besides, it can provide specific advantages for entrepreneurs who decide to go into businesses in areas in which they already have a prior formal education (Lindelof and Lofsten, 2002; Dobbs and Hamilton, 2007).

Partners or Number of founders; the number of founding partners influence the growth of business (e.g. Storey, 1994; Morris et al., 2006); businesses established and owned by multiple partners are likely to grow faster than businesses established and owned by individuals acting alone. Partnership enables businesses to gain competitive advantage through access to a partner's resources, functional expertise and a broader range of management experience ((Kotelnikov, 2014; Eisenhardt and Schoonhoven 1990; Teach et al., 1986).

Specific sectoral experience or knowledge; sectoral knowledge plays an important role in differentiating performance between novice and serial entrepreneurs (Westhead & Wright, 1998; Westhead et al., 2005). Industry or sectoral specific knowledge is defined as information concerning a certain industry or sector that is available at any given time, and this may include such information as gaining understanding of the size and structure of the market and the key success factors in the market (D'Souza, 2008).

Prior managerial experience and business performance; business owners who may previously have owned other businesses are likely to be more inherently cautious than those unburdened by such experience and may for that matter, not have a growth objective (Staw, 1991; Storey, 1994). Prominent reasons behind business failures are managerial and experiential incapability (Zimmerer and Scarborough, 1998; Lee and Denslow (2005).

Age; the general expectation is that 'middle-aged or prime aged' entrepreneurs or business owners have been reported (e.g. Storey, 1994; Jones-Evans, 2000) as being much more likely to be equipped with the best mix of experience, credibility, energy and resources for owning a fast growing business in stark contrast to younger or older owner/managers.

At Start-up Determining Variables

Sector; the essential purpose behind Porter's (1980) five forces framework, is how businesses select their sectors, and how they attempt to protect themselves from competition is pivotal to the success of the business. For a range of sectors or industries, there certainly would appear to be a 'life-cycle' (Klepper, 2002), therefore, understanding how such factors affect performance is of essence (Storey, 1994; Storey and Greene, 2010).

Organizational search; the new concept of organizational search is a component of absorptive capacity (Cohen and Levinthal, 1989; 1990), which is a business' ''ability to recognize the value of new external knowledge, assimilate it and apply it to commercial ends'' (Cohen and Levinthal, 1990: 128). Organizational search generates helpful ideas to be incorporated into the knowledge stock of the firm and ultimately impact on competence level of the business (Sidik, 2012: 377).

Location; generally speaking, location is associated with access to pools of labour; cost advantages; and the possibility of knowledge spill overs (Storey and Greene, 2010). Proximity makes provision for a 'blueprint' for nascent enterprises by, first, providing access to pre-existing 'role models', and secondly, by giving them the requisite experience and contacts to successfully exploit ideas (Audia and Rider, 2005).

Legal form; this refers to the firm's legal status, and the idea is to associate the form of business ownership to its growth propensity. Incorporation can provide financial benefits, as a result of this, limited liability companies grow more rapidly than sole proprietorship or partnership (e.g. Storey, 1994; Chittenden and Sloan, 2006; Storey and Greene, 2010).

Initial size; start-up size is one of the most prominent factors that have been shown to influence new firm growth (Joan-Lluis et al., 2004). Small businesses are generally reported as growing more rapidly than larger firms (Fadahunsi, 2012). For a business to survive, it has to thrive to reach the minimum efficient scale (MES) of production. Failure to do so is likely to result in closure as a result of high cost (Storey and Greene, 2010).

Post Start-up Determining Variables

Formal plans; where it exists, formal long-range planning in small businesses is reported to be positively associated with a greater propensity for growth behaviour (Masurel and Smith, 2000; Snell and Lau, 1994). Formal business plan is said to be beneficial to the firm as it provide a framework for subsequent actions (Ansoff, 1991; Storey and Greene, 2010).

Entrepreneurial skill or orientation; this represents a firm's strategic orientation, one which captures the exact or definite entrepreneurial aspects of decision-making process (Frank et al., 2010), consisting of innovativeness, pro-activeness, and risk-taking (Miller, 1983; Rauch et al., 2009). By definition, the success of the business is frequently associated with the managerial skills as well as the strategy of the business (Storey and Greene, 2010).

Innovation*;* the survival or prosperity of every business is probably determined by its ability to innovate (e.g. Barringer et al., 2005; Calvo, 2006). Innovation enhances sales and profitability which in turn, provide funding for further expansion and innovation, resulting in further sales and profitability growth (e.g. Geroski and Machin, 1992).

Access to finance; access to financial resources empowers the growing firm to acquire capital equipment, to gain premises, to sponsor research and development of novel products or services, to boost up their stock levels, to engage in exports among others (Storey and Greene, 2010; Beck et al., 2006). Lack of easy access constrains firm's growth (Carpenter and Petersen, 2002).

Workforce training and/or managerial training; typically there is a positive relationship between the existence of workforce training and small business growth (Storey, 1994). Publicly provided workforce training scheme is positively associated with development and growth of businesses (Patterson et al., 1997; Frazer, 2003; Cosh et al. (2007). The success of the business is associated with its willingness to invest in its employees (Storey and Greene, 2010).

Web Technology or Technical resources*;* technological innovation is a key factor in a firm's competitiveness. Technological innovation is unavoidable for businesses that have any intention to develop and maintain a competitive advantage or gain entry into new markets (Becheikh et al. 2006; Lee et al., 2012). Efforts to increase value addition can be done through the use of technology in every business activity, and technological innovations are likely to be a significant determinant of their success (Porter, 199; Hoffman et al. 1998).

The above discussion of the research framework based on the empirical evidence of variables identified in literatures leads on to formulate the below extended research framework.

2.7 Extended Research Framework

Having reviewed the extant literatures the researcher identified the following variables which have not been discussed in the literature in respect of SME growth and development in the context of Ghana. The thesis extended the original framework on page 86 to incorporate new variables emerging from the findings of the study. The study identified the following constructs in addition to those constructs identified in the literatures, the following other variables identified by the researcher are; government policies, competition, economic factor, energy (electricity), education, location and finance, all of which influence the development and growth of SMEs in the context of Ghana.

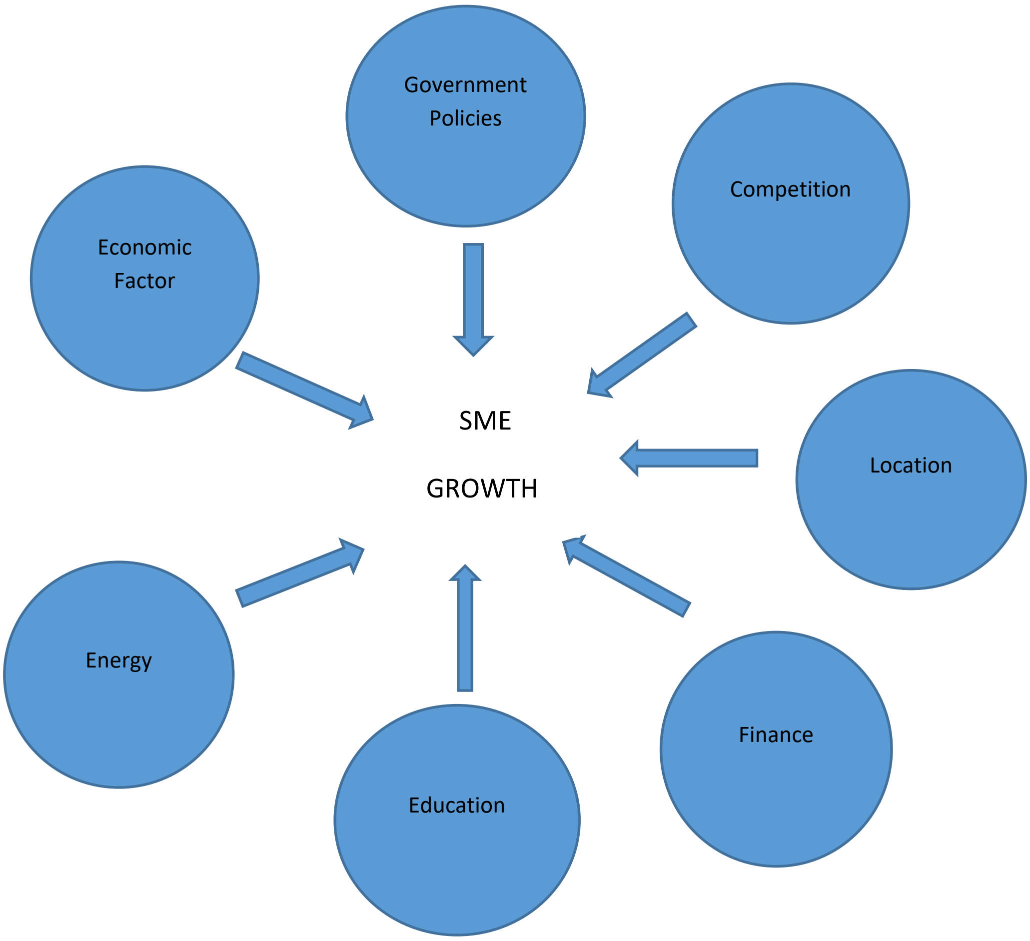

Fig 2.2

Figure 2.2 shows the development and growth of SMEs in the context of Ghana which is affected by key influential factors; some of which are consistent with, and in support of factors identified in extant literature, whilst others are emerging factors from the study, which have not been given robust attention in SMEs literature, and become the pillars upon which this study hinges. The variables identified in this study, which the findings reported that are consistent with extant literature include: *access to finance, level of education and location of the business.*

The study reports that access to finance facilitates and enhances business growth, whereas lack of it or inadequate access constrains growth in consistent with extant literature (e.g. Moreno and Casillas, 2007; Storey and Greene, 2010). Findings from the study reports that SMEs in Ghana lack easy access to external source of funding as a result of the higher cost of lending to small firms (cost of capital), with bank lending rate ranging between 26% and all time high of 40.79% (Business Day, 2016; Trading Economics, 2016). But that of microfinance institutions are pegged at about 70% (Ghana Talks Business, 2016; Business Day, 2016), which makes Ghana either the highest or one of the highest in terms of interest rate in the world, and also poses monumental threat to the growth and development of the private sector. The other thing is prohibitive collateral requirements and the cumbersome processes, all of which have often been mentioned as the main impediments to SMEs' access to bank loans in Ghana (e.g. Berger and Udell, 1998; Sowa, et al., 2010; Buatsi, 2010). On the other hand, it emerged from the study that quite apart from the high interest rates and collateral requirement preventing SMEs from accessing bank loans, entrepreneurs or owner/managers were reluctant accessing external funding due to the unfavourable repayment terms. Even when there is easy access to credit to businesses in developing economies, the loans must be repaid in a very short time frame, making it difficult for investments in new equipment or technology because such investments may not yield sufficient revenues in the short-term to repay a loan.

Findings from the study also revealed that level of education of the entrepreneur or owner/manager influences the development and growth of small businesses which is consistent with literature (e.g. Akar et al., 2013; GEM, 2011; Takahashi, 2009). The findings report that in the context of Ghana, the SMEs sector is overwhelmingly saturated with entrepreneurs or owner/managers with low education background which places a limitation on their information technology or research and development work (Akar et al., 2013 GEM, 2011). Also, the low education background influenced their ability to be able to manage the business in a complex and unstable business environment in order to keep business profitability (Takahashi, 2009) indicates that one of the success factors in small business is the education level of the owner, which can assist the business to survive and manage a complex environment and keep business profitability. On the other hand, it emerged from the study that the level of education of entrepreneurs or owner/managers does affect their contact network; hence, low level of education limits owner/managers contact with people in influential or high profile places in order to be able to access certain opportunities or resources to grow their business.

The other factor the study revealed as having an association with business growth is the location of the business; where the entrepreneur/manager chooses to locate their business. This is consistent with literature that where the owner/manager chooses to locate their business is ought to be associated with business growth (e.g. Storey and Greene, 2010; Greene et al., 2007; Baptista and Preto, 2007; Audia and Rider, 2005). The findings revealed that small business owners in Ghana hardly adopt web technology or e-commerce for their entrepreneurial activities, therefore, were very much particular choosing a location for start-up. They are visibly located along major roads, commercial streets and next to commercial or market centres with the aim of reaching out to the target market (Hoogstra and van Dijk, 2004; Greene et al., 2007), as well as benefiting from knowledge spill-overs through industry associations (Von Hipple, 1994) and access to resource persons or existing role models (Audia and Rider, 2005).

However, in the context of Ghana, and as far as SMEs are concerned, analysis of the research has expanded to include following factors**; energy or power, government policy, competition and economic factor (sustained inflation)** which are not in the literature. The factors are the author's own factors emerging from the study, and make the author's contribution to knowledge.

Industrialization heavily depends on energy (power) supply without which industries can hardly operate, and analysis of the research showed that in the context of Ghana, the development and growth of SMEs is partly and wholly dependent on quality supply of energy or power. In spite of the SME sector dominated by the use of traditional technology, operators in the sector heavily depend on the national grid for power or energy supply in carrying out their entrepreneurial activities. The study provides evidence that the erratic and poor supply of energy or power ''dumsor dumsor'' in Ghana greatly hampers the development of the business environment and constrains the growth of SME, consequently, pushing and forcing many firms in the sector out of business. In other words, the energy crisis in Ghana is killing the SME sector because by their small nature, they are unable to afford a private generator which comes with added cost in fuelling and maintenance. The irregular energy/power supply in Ghana is harmful to the business environment; productivity is adversely affected as businesses face irregular supply of energy (electricity) coupled with its concomitant high tariffs.

Evidence from analysis of the study showed that development and growth of SMEs is greatly influenced by government policies particularly policy on taxes and cross-border trading currencies. The current income tax rate contained in income tax Act, 2015 (Act 896) is 25% for corporate tax, and 25% for personal income tax – self-employed persons – Ghana Revenue

Authority (GRA). The study gathered that businesses in Ghana are slapped with heavy tax burden; small businesses are taxed at various levels including the local government and central government. Given their size(s), the heavy tax burden, with adversely affects their expansion in that an overwhelming majority of the SMEs rely on retained profit as their source of investment. SMEs lack easy access to external source of funding, therefore, they heavily rely on retained profit as a source of business funding, however, the current tax burden implies that a chunk of their profit which would otherwise be ploughed back in the business goes to pay taxes. The study also revealed that customs duties which are so heavy and not clearly defined adversely affects the profit levels of entrepreneurs, which is disincentive to expansion. The huge duties imposed on imported and exported goods and services, which often breeds bribery and corruption at the entry points, causes frustrations for entrepreneurs and reduces their profit margin. Again, government policy on trading currencies adversely affects investment levels of importing entrepreneurs. Analysis showed that an overwhelming majority of importing entrepreneurs trade with Asian countries, therefore, the policy of converting the local currency to the dollar and finally into the trading partners' currency is disincentive to investment and/or expansion as money is lost at each conversion stage. And the higher the dollar against the cedi, the higher the cost of doing business in Ghana.

The study also highlighted that hostile competition particularly from imported goods and services, and/or the activities of direct and indirect foreign activities, hamper the development and growth of local industries. Evidence provided showed that in recent years the local consumers have developed a taste for foreign products, thereby allowing the local markets to be flooded with imported products particularly from Asian countries. These imported products come with great finishing, they are cheap and affordable in stark contrast to locally produced products. And given that local or indigenous entrepreneurs heavily rely on labour-intensive and traditional technology in their entrepreneurial activities, they are unable to match the imported products in terms of finishing and affordability. Lack of interest in locally manufactured products on the part of customers as well as lack of confidence of people in authority in local or indigenous entrepreneurs, consequently contracting foreign firms for services, thus, preferring foreign contractors to local producers, indeed, is killing the local industries.

Finally, economic factor - sustained inflation, was revealed in the study as a constraint to development and growth of SMEs. Sustained or uncontrolled inflation, with inflation rate currently at 16.9% (GSS/BOG, 2016) sees prices of items including raw materials for businesses, constantly increasing and shooting through the roof on daily and weekly basis. It was highlighted that the general rise in the price of goods and services in Ghana, makes planning of production difficult for producers as they always pay more for less raw materials each time they purchase or request for materials. This squeezes profit margins and potentially causes businesses to produce products and services that sell for less in real terms than they cost to produce. This of course can be concluded as a recipe for bankruptcy in the long run. Quite apart from inflation eroding the value of money, it as well affects the value of the local currency (cedi) relative to other currencies, hence, making it difficult to do business in Ghana.

2.8 Summary

This chapter reviews literature on factors affecting the development and growth of SMEs. The reviewed literature made use of Storey's (1994) analytical categorization between 'pre' start-up variables (relate to the entrepreneur and their resources), 'at' start-up variables (relate to the business-level factors), and 'post' start-up variables (relate to the selective strategy) of the business (Storey and Green, 2010).

The research framework was based on the review of extant literature which draws upon Storey's (1994) distinct categories. It was observed that a blend of start-up factors, at start-up factors and post start-up factors, all play integral part in either enhancing or constraining performance of business. These three categories of seminal key factors are combined into a whole to influence the growth of small businesses; either enhance or constrain business growth.

The revised research framework was based on the analysis of the findings of this study. Analysis of the findings of this study, depicted through the revised research framework demonstrates that some of the factors found from the study confirm previous existing literature, whilst others are the researcher's own variables emerging from the research.

The chapter makes contribution to theory, practice and policy from the new factors emerging from the study. The researcher identified new factors influencing the development and growth of small business in the context of Ghana, based on which contributions are made to theory, practice and policy.

Chapter 3: Ghana – Reviewing Entrepreneurial Activities in the Context of Ghana

3.1 Rationale Behind Adopting Ghana as a Case

This chapter discusses entrepreneurial activities in the Ghanaian context given that Ghana is the focus of this study. This thesis makes use of Ghanaian SMEs as the focus of the study because of a couple of reasons:

i). Firstly, the author, a native Ghanaian and has been deeply involved in SME activity in Ghana, engaged in bakery which was a family business from childhood until 2002. The author's experience throughout the years showed that lack of easy access to assistance from formal institutions, for instance, banks and/or financial institutions resulted in most owner/managers involved in SMEs activities relying on their own limited resources. This lack of easy access to support from formal institutions precipitated the desire to research into factors that influence the development and growth of SMEs.

ii). Due to Ghana's relatively small market as a result of low performing private sector, it has become relevant for policy makers to admit that economic growth ought to be achieved through increased proactive private sector (Ministry of Trade and Industry, 2005:9).

iii). Given the dominance of SMEs and their activities revolving around subsistence activities, and also providing an estimated or approximately 90% jobs to the working force, it is expedient to explore into their entrepreneurial activities to enhance and promote their worth as this will ultimately impact positively on economic development and growth (World Bank, 2002; Owusu Frimpong and Mmieh, 2007; Mmieh et al., 2012).

3.2 Geographical Location and Historical Context of Ghana

The country Ghana, as known today, was once a British colony and formerly known as the Gold Coast. The former name (Gold Coast) was changed to the current or modern name (Ghana) after independence in 1957. The land size of Ghana is 239,460 square kilometres, and a population size of approximately 26 million. Ghana is bordered on the west with La Cote d'Ivoire, on the east with Togo and the north with Burkina Faso, all of which are francophone countries and for that matter use French as their official languages, and to the south of Ghana is the Atlantic Ocean

Ghana was actively involved in economic systems before Europeans set foot on the soil of the then Gold Coast. It was involved in the trans-Sahara trade, and the Ashanti part of the country was a supplier of Gold to these markets. The Carthaginians and Egyptians also engaged the country in trading activities. This notwithstanding, the volume of trade was not that significant or anything to write home about until approximately AD 750, when Islamic merchants introduced the use of camels to transport merchandise in their trading activities (Hooker, 2002; Wilks, 1993; Iliffe, 1983).

The first Europeans to set foot on the shores of Ghana were Portuguese in the year 1471, and indulged in entrepreneurial activities through the supply of garments, calicos, textiles and other items (Perbi, 2004). Nonetheless, the Portuguese were joined in Ghana by other European counterparts namely the Danes, French and Bradenburghers in the 16th and 17th centuries. Like the Portuguese, these (new comers) also followed suit and settled along the

Atlantic coast to enhance their business course (Daaku, 1970). Following the departure of the Portuguese, Danes and Dutch around 1872, the British took over the territory and colonized Gold Coast as one of its colonies. Until the formalisation of colonialism, Ghana was arguably a recognized global trade partner.

3.3 Pre-Colonial Era Contribution of Entrepreneurship

The pre-colonial and colonial era contribution of entrepreneurship continues to remain an open question. It has been observed (Bowdich, 1819) that Ashantis deliberately hindered a merchant class evolving in a bid to hold on to and perpetuate the socio-political status-quo and permit the rulers or leaders to exercise the existing values and norms to hold firmly on to power. Nonetheless, this declaration or claim, is open to questions and highly debatable. The presence of pre-colonial non-farm enterprises such as, or engaging in weaving and spinning, gold-smithing, pottery, black-smithing, carving, canoe-making, bead-making, pottery, leather craft; and the use of gold as a medium of exchange or single currency are all indication of the existence of a very well-developed private sector similar to the current experience of informal sector (Austin, 2005; Fyle, 2002:30).

It is believed (Frimpong-Ansah, 1991) that in the days of the colonial era, the British hindered and suppressed the evolvement of indigenous entrepreneurship, particularly industries in a bid to hold on to the colony as a preserve and also to protect their business interest. The colonial government succeeded in achieving its goal by way of making it extremely cumbersome for the acquisition of trading licences from the colonial government, thus, hindering and depriving indigenous people from venturing into most industries, import machinery, export locally produced goods, and consequently, making any attempt to embark on industrialisation. The indigenous Africans in the final analysis, had no choice other than limiting themselves to less significant trading activities which were not relevant to the Europeans (Agbodeka, 1992).

3.4 Ghana in Current Context

The lacklustre performance of post-independence Ghanaian economy could be alluded to the impaired functioning of the macroeconomic environment in part path dependent on its colonial structures. As a result, very little has been known about growth and development of entrepreneurial activities including SME exports (Robson and Freel, 2008). This unfortunate state of the SME sector could best be explained from the political/legal, economic and socio-cultural context (Davis and North, 1973).

3.4.1 Political or Legal

Osagyefo Dr Kwame Nkrumah became the first elected president of post-colonial Ghana. For ideological reasons, he had a penchant for pursuing socialist agenda, thus focusing on the dominance of state owned enterprises, hence, private sector development was discouraged (Aryeetey et al., 1994:4; Kayanula and Quartey, 2000). There seemed to be somewhat a breakthrough for the development of the SME sector when Dr. Kofi Abrefa Busia assumed power in the country in the 1970s. The government promoted and facilitated the development of the private sector, as a result there was an enactment of the Ghanaian Business Promotion Act (Act 334) (Ninsin, 1989). The state participation, nonetheless, continued until 1983 when the economy had almost declined or on the verge of collapse (Nowak et al., 1996). In a nutshell, the political condition could be blamed for the lack of vitality in the informal sector owing to bureaucracies and suppression from the interference of corrupt state agencies (Ninsin, 1989).

The current policy environment is nothing to write home about in helping to promote the development of the private sector. The problem may probably be due to SMEs policy scattered around several state institutions and agencies. In spite of this, the relatively huge number of institutions and agencies scarcely initiate policies to foster the development of entrepreneurial activities be it internal activities or exports (Aryeetey and Ahene, 2005).

The lack of vitality in policy and regulatory framework(s) has, to some degree, contributed to stifling the incentives available to enhance and facilitate development of entrepreneurial activities. The compliance of SMEs to location, investment code, labour, licensing and many more can be described as something not encouraging. Ironically, firms that consent to regulations end up being more likely to go through frustrations and suffer a decline in performance in stark contrast to those that reluctantly comply with regulations as a result of the associated cost (Aryeetey et al., 1994; Aryeetey and Ahene, 2005:26-36).

One such key constraint to entrepreneurial activity in Ghana is the problem of access to land and commercial assets (GoG, 2003a: 123; GoG, 2005a). The problem associated with using assets for legal collateral signifies that the alternative which is social collateral is of utmost significance - accessing funding through social relations. The possibility exists to resort to the use of other informal assets such as mortgaging a cocoa farm to other members in the community (see Austin, 2005). Given the challenges bedevilling the informal sector, for instance the high cost of, and difficulty in accessing funding, the domestic sector continues to revolve around subsistence activities (Mmieh et al., 2012).

3.4.2. Socio-Cultural

Like many other countries in the Sub-Saharan, Ghana is a multi-ethnic, multi-religious and multi-cultural nation. The diverse religious and ethnic groups are usually mixed and scattered across the length and breadth of the 10 regions in Ghana. Other than a few ethnic clashes or conflicts here there in the northern part of the country, the diverse religious and ethnic groups enjoy harmonious tranquil co-existence. Even though no particular region in the country seems to be ethnically homogenous, it may, however, be suggested that the southern part of the country is predominantly Akans. The three northern regions of Ghana are dominated by Islam, whereas the southern part of the country is dominated by Christianity. The reason behind this religious composition may be attributed to the fact that Arab (Muslim) merchants who plied trading activities in Ghana concentrated their trading activities in the northern part of the country, in stark contrast to the European counterparts (merchants) mostly of Christian persuasion, who settled in the southern part of the country, precisely along the coastal belt of Ghana during the colonial period.

The nature of the socio-cultural set-up of Ghana, consciously or unconsciously empowers the extended family to develop the traditions (norms, values and behaviour) that society recognises as worthy of acceptance; hence, individuals have extended rights as well as extended responsibilities or obligations (Barr, 1995; Acquaah, 2008).

Like most of the countries across the Sub-Saharan Africa, the influence of/or part played by the socio-cultural environment in entrepreneurship in Ghana, has been a subject of contention (Kiggundu, 2002). Evidence (e.g Buame, 1996; 2012) shows mixed influential role perceived to be played by the family system. Family ties make provision for the engagement of less qualified family members in a business enterprise, and this may potentially impair innovation prospects of the business, however, family ties provides access to infrastructure and source of finance. Therefore, this study, aimed at investigating the factors influencing the development and growth of SMEs in the context of Ghana, also examines the impact of family influence alongside other factors.

3.4.3 Economic Structure

Ghana's economy, just like most of the countries within the Sub-Saharan Africa comprises the formal sector and informal sector respectively (Hart, 1970; 1973). The informal sector may refer to the activities of the private sector devoid of any direct state involvement.

It has been estimated (DFID's Commission for Africa, 2005) that the informal sector in Sub-Saharan Africa, excluding South Africa, provides approximately 90% of all new jobs, and approximately 85% of total employment in the Sub-Saharan Africa (world Bank, 2005a). Nevertheless, it is somehow vague to distinguish between formal and informal sectors given that the formal sector shares certain things in common with the informal sector, in other words, shares semblance with informal sector (Palmer, 2004b).

The Statistical Service of Ghana describes the informal sector as one made up of non-registered small enterprises and wage employment in unregulated and unprotected jobs (GSS, 2005), which dates back to colonial days and has existed alongside the formal economy. The indigenous entrepreneurial activities operating alongside the formal economy, however, dealt in carving, goldsmithing, bead-making, blacksmithing, pottery, small scale mining of gold and bauxite among others (Austin, 2005; Fyle, 2002:30).

The informal sector in Ghana employs approximately 90% of the entire workforce (GSS, 2000). The World Bank (2004a:51) in its assessment of the informal sector in Ghana indicates that the Ghanaian informal sector, similar to many other developing countries, could be categorised into three separate groups of entrepreneurial activities, namely (i) pre-entrepreneurial self-employment activity mostly based on traditional technologies, (ii) micro-enterprises employing up to 10 workers, and are mostly family members or apprentices and, (iii) semi-formalised small-scale enterprises employing between 10-50 workers and using some form of modern technology (World Bank, 2004). However, the categorization could be disputed given the heterogeneous nature of the informal sector.

The informal sector covers the three main sectors of the Ghanaian economic activities, namely agriculture, industrial and service (GoG, 2005d: 9; Debrah, 2007). The study aims at focusing on the investigation of small and medium-sized enterprises across all the sectors (primary, secondary and tertiary) of the economy of Ghana.

The economy of Ghana, just like most of the countries in the sub-Saharan African, experienced serious turbulence prior to the introduction of the ERP in 1983. The Ghanaian economy, for instance, was near collapse with all economic indicators recording negative values (Mmieh et al., 2012). Before the adoption of the reform in the early 1980s, the main challenge that confronted Ghana was twofold: (i) the quest for renewed economic growth and (ii) the translation of the economic growth into increased employment opportunities so that majority of Ghanaians will benefit from the growth (Aryeetey and Kanbur, 2008; Mmieh et al., 2012). Given these objectives, the government of Ghana commenced ERP in 1983 in a bid to reverse many years of declining economy. Commencing in 1986, the second phase of reform of ERP was supplemented with Structural Adjustment Programme (SAP) aimed at rectifying a number of structural imbalances in order to promote sustained healthy economic growth (Aryeetey and Kanbur, 2008). The reform involved a moving away from a controlled economic policy regime to market-oriented and private sector-led economy. The ultimate objective of the SAP and ERP reform aimed at reducing the debt of Ghana in order to improve its trading position within the global economy (Mmieh et al., 2012). The Ghanaian economy experienced favourable GPD growth of around 4% since 1983 (Debrah, 2002).

The economic reform programme continued to produce positive outcomes with improvements in vital macroeconomic variables. Real GDP growth rates recorded positive values between the periods of 1990 and 2000 due to certain external factors (ISSER, 2005). Ghana recorded GDP growth rate of 6.2% in 2006, and recorded growth rate of 6.3% in 2007 (Bank of Ghana, 2008, cited in Mmieh et al., 2012). In spite of the positive upward trend in the growth of real GDP, some of the indicators such as employment usually associated with SAPs failed to have any desired impact on the sectors of the economy. Particularly, the economy has not been able to create formal-sector jobs to match the growing labour force (Mmieh et al., 2012). While the public sector has not been able to generate employment as a direct result of SAPs, it is the private sector or informal sector that absorbed the retrenched workers and provides employment opportunities for new entrants to the labour market (Debrah and Mmieh, 2009).

Activities of the Economic Sectors at 2006 Prices by Economic Activities

Tables 3.1 and 3.2 below illustrate the activities of the economic sectors of Ghana between 2009 and 2013. Table 3.1 shows the distribution of Gross Domestic Product (at basic prices) by economic activity, while table 3.2 shows the growth rate of Gross Domestic Product at 2006 constant prices. In other words, the sectoral contributions to GDP and the growth trend of the respective sectors between the periods (2009-2013).

Table 3.1

Distribution of Gross Domestic Product (at Basic Prices) by Economic Activity

	2009	2010	2011	2012	2013
1) AGRICULTURE	31.8	29.8	25.3	23.0	22.0
Crops	23.6	21.7	19.1	17.3	16.9
Livestock	2.0	2.0	1.8	1.6	1.5
Forestry & Logging	3.7	3.7	2.8	2.6	2.2
Fishing	2.5	2.3	1.7	1.5	1.4
2) INDUSTRY	19.0	19.1	25.6	28.6	28.6
Mining and Quarrying	2.1	2.3	8.4	9.5	9.8
Manufacturing	6.9	6.8	6.9	6.4	5.8
Electricity	0.5	0.6	0.5	0.5	0.5
Water & Sewerage	0.7	0.8	0.8	0.7	0.6
Construction	8.8	8.5	8.9	11.5	11.9
3) SERVICES	49.2	51.1	49.1	48.4	49.5
Trade, Repair of Vehicles, Household Goods	5.9	6.2	5.9	5.3	4.9
Hotels and Restaurants	6.2	6.0	5.4	4.7	4.3
Transport and Storage	10.5	10.6	10.7	10.9	11.2
Information and Communication	1.8	1.9	1.8	2.2	2.4
Financial and Insurance Activities	4.3	5.2	4.4	4.8	6.5
Real Estate, Professional, Administrative & Support Services Activities	4.1	4.5	4.6	4.6	4.4
Public Administration & Defence, Social Security	7.0	7.0	7.0	6.8	6.9
Education	4.2	4.3	4.1	4.3	4.2
Health & Social Work	1.4	1.6	1.3	1.3	1.2
Community, Social & Personal Service Activities	3.7	4.0	3.9	3.5	3.4

Source: Adapted from the Ghana Statistical Service: 2014

Table 3.2

Growth Rates of Gross Domestic Product at 2006 Constant Prices

	2009	2010	2011	2012	2013
1)AGRICULTURE	7.2	5.3	0.8	2.3	5.2
Crops	10.2	5.0	3.7	0.8	5.9
Livestock	4.4	4.6	5.1	5.2	5.3
Forestry & Logging	0.7	10.1	-14.0	6.8	0.0
Fishing	-5.7	1.5	-8.7	9.1	5.8
2) INDUSTRY	4.5	6.9	41.6	11.0	7.0

Mining and Quarrying	6.8	18.8	26.5	16.4	11.7
Manufacturing	-1.3	7.6	17.0	2.0	0.6
Electricity	7.5	12.3	- 0.8	11.1	16.1
Water & Sewerage	7.7	5.3	2.9	2.2	-1.4
Construction	9.3	2.5	17.2	16.4	8.6
3) SERVICES	5.6	9.8	9.4	11.0	8.9
Trade, Repair of Vehicles, Household Goods	5.4	13.3	11.0	5.8	2.9
Hotels and Restaurants	-3.8	2.7	3.6	5.7	3.4
Transport and Storage	4.4	8.0	11.0	9.8	7.7
Information and Communication	3.9	24.5	17.0	41.8	24.7
Financial and Insurance Activities	9.3	16.7	1.0	21.9	23.2
Real Estate, Professional, Administrative & Support Service Activities	0.2	13.9	14.0	13.1	4.4
Public Administrative & Defence, Social Security	11.7	3.4	7.4	4.2	9.1
Education	12.4	5.3	3.8	6.7	6.8
Health and Social Work	15.2	11.2	5.0	10.9	7.8
Community, Social & Personal Service Activities	7.5	10.7	13.0	4.0	4.3

Source: Adapted from the Ghana Statistical Service: 2014

Tables 3.1 and 3.2 show the sectoral distribution or contribution to national output (GDP) from 2009 to 2013 at 2006 constant prices by economic activity, and sectoral growth rate of GDP at 2006 constant prices between same periods.

Table 3.1 shows sectoral contributions to national output (GDP) from 2009 to 2013 at constant prices, and the output shows a declining trend from a previous year to a current year. As presented in table 3.1, the agricultural sector, which for many years has become the mainstay and the fastest-growing sector among real sectors of the Ghanaian economy (Mmieh et al., 2012) showed a decline in its contribution to national output between the periods in review (2009-2013). The agricultural sector which includes fishing, livestock, crops among others contributed an annual average growth rate to 26.4% of GDP between the periods of 2009-2013, the contribution, however, showed a declining trend. Contribution of the agricultural sector declined from 31.8% in 2009 to 22.0% in 2013, showing a significant decrease of approximately 10%, with 1% difference between 2012 and 2013. The industrial sector, which includes mining and quarrying, manufacturing and construction, made an annual average contribution of 24.2% for the same period, this also showed a constant contribution to output without any significant change; 2009 and 2010 showed almost the same rate of 19.0% and 19.1% respectively whereas 2012 and 2013 also showed a constant rate of 28.6% each year, showing an increase of 3% from 2011. However, the table shows very little variations of the components in the sector except the manufacturing sector which recorded a drop from 6.9% % in 2009 to 5.8% in 2013. The services sector which includes hotels and restaurants, information and communication, financial and insurance activities, transport, storage, retail trade, social services among others also made an annual average contribution of 49.5% to GDP. The services sector emerged as the highest contributor to output, individual components in the sector as presented in the table, however, do not make any significant variations. Hotels and restaurants, for instance, recorded a decline from 6.2% in 2009 to 4.3% in 2013, and also trade and repair of vehicles dropped from 5.9% in 2009 to 4.9% in 2013.

Similarly, table 3.2 shows the sectoral growth rate(s) of the three main sectors of the Ghanaian economy from 2009 to 2013 at 2006 constant prices. Table 3.2 shows that the agricultural sector, which for many years has become the mainstay and the fastest growing sector among real sectors of the Ghanaian economic activities (Mmieh et al., 2012) recorded a declining growth trend in the first three years, however, growth picked up in the last two years. The table shows that the growth of agricultural sector declined from 7.2% in 2009 to 5.2% in 2013. In 2009, agricultural sector recorded 0.8%, a significant drop from 7.2% in 2009, but recording 5.2% growth in 2013, an increase in growth from 2.3% in 2012. The components in the sector, however, show oscillating growth trend, on the decline, though, with fishing recording negative growth of -5.7% in 2009 and -8.7 in 2011, whilst forestry and logging showed -14.0% in 2011. The industrial sector, also recorded a declining growth trend between 2011 and 2013, in spite of the significant growth rate from 4.5% in 2009 to 41.6% in 2011, there was a significant drop down to 7.0% growth in 2013. Manufacturing, which is a key component in the industrial sector, recorded negative growth of -1.3% in 2009, and again, dropped from growth rate of 17% in 2010 to 0.6% growth in 2013. The services sector, as presented in the table, showed a decline in growth of 11.0% in 2012 to 8.9% growth in 2013, in spite of recording an increase in growth of 9.8% in 2010 against 5.6% growth in 2009. The components in the services sector show variation in the growth trend, but more on the decline side, though. For instance, trade, repair, repair of vehicles and household component experienced a significant decline from 11.0% growth in 2011 to 2.9% growth in 2013. Hotels and restaurant also recorded negative growth of -3.8% in 2009, and a further drop or decline from 5.7% growth in 2012 to 3.4% in 2013, meanwhile, hotels and restaurants (hospitality) is a key component in the services sector in the Ghanaian economy. Support and service activities in the services sector also recorded a significant decline from 14.0% growth in 2011 to 4.4% growth in 2013, and this was quite alarming. Information and Communication component in the services sector dropped from 24% growth in 2010 to 17.0% in 2011, and again dropped from 41% growth in 2012 to 24.7% in 2013, thus showing declining trend in growth.

In Ghana, the economic fabric is mainly constituted by SMEs which operate mainly in the traditional sectors that have a fundamental role of growing the national ability in job creation

(Debrah and Mmieh, 2009). Evidence in tables 3.1 and 3.2 shows a varied growth trend, declining trend, though, in the activities of the economic sectors, and since the economic fabric is mainly constituted by SMEs (Debrah and Mmieh, 2009), this is suggestive of declining SME sector in Ghana, and it is therefore worthwhile investigating the causes of the decline.

3.5 Entrepreneurship and SMEs in Ghana

There have been various definitions given for small-scale enterprises in Ghana but the most commonly used criterion is the number of employees of the enterprise (Kayanula and Quartey, 2000). For instance, the National Board on Small Scale Industries (NBSSI) defines SMEs using the number of employees in the firm and the value of fixed assets such as plant and machinery. NBSSI considers a small scale enterprise as a firm that employs not more than 9 people and has plant and machinery valued at not more than 10 million cedis. Similarly, Steel and Webster (1991), and Osei et al (1993) used an employment cut-off point of 30 employees. Osei et al. (1993), however, classified small-scale enterprises into three categories. These are: (i) micro - employing less than 6 people; (ii) very small - employing 6-9 people; (iii) small -between 10 and 30 employees. Lately, all attempts to define SMEs in Ghana appear to follow a common trend. The Ministry of Local Government and Rural Development in Ghana has defined SMEs on the basis of this criterion or criteria: any firm employing between 1 and 5 as micro; between 6 and 29 employees as a small-scale enterprise; between 30 and 100 employees as a medium-scale enterprise, and firms employing over 100 employees as a large-scale enterprise.

For the purpose of this study and for simplicity sake, the researcher adopts the definition of SMEs given by the Ministry of local Government and Rural Development, recognizing firms that employ between 30 and 100 employees as a medium-sized enterprise.

The contribution of SMEs in Ghana to the Ghanaian economy is enormous. The World Bank (2002) estimates that SMEs provide jobs to approximately 90 per cent of the working population in Ghana. In other words, about 90 per cent of the working population are engaged in SMEs activities. The sector plays a very significant role in the economy; it accounts for approximately 85% of employment in the manufacturing sector in the country, contributing about 70% of the Ghana's GDP, and approximately 92 percent of all businesses in Ghana (Steel and Webster, 1990; Abor and Quartey, 2010).

Mmieh et al. (2012), indicate that before the introduction of International Monetary Fund (IMF) and the World Bank assisted Economic Recovery Programme (ERP) in 1983, the Ghanaian economy was on the verge of collapse. The introduction of the ERP aimed at improving the standard of living of the people and boosting the economy by restoring economic growth. The Government of Ghana (GoG) did not relent in its commitment to the ERP, and among other things showed commitment to developing the private sector. It was recognized that developing the private sector - small and medium-sized enterprises, would be very essential as the sector would either in part or whole provide solution to the economic catastrophe. The sector would create employment opportunities in both urban and rural areas that would generate income and growth, and supress the social costs of adjustment. The Government and International Development Association (IDA) designed the Private Small and Medium Enterprise (SME) Development Project to provide assistance in meeting these laudable objectives. This was followed by other IDA-supported projects designed to boost the private sector by way of strengthening and rehabilitating economically viable industries, increase the production of locally manufactured goods, and then develop financial systems.

A policy on reform to boost the financial sector was concurrently prepared with SME project and given approval in May 1988 (World Bank, 1997).

The aims and objectives of designing this development project are primarily to achieve the following:

- Assisting in financing private productive activities; facilities and resources to enhance enterprises make sustainable contribution to economic and social development of the country;
- Reviving production and improving upon the economic viability of private SMEs, and enabling them to become more competitive;
- Developing an effective mechanism aimed at fostering participation of banks to provide long-term financial support to SMEs;
- Supporting a programme of assistance to micro-enterprises (MEs);
- Improving the availability of technical assistance (TA), extension services and entrepreneurial training for small-scale enterprises (SSEs) and women entrepreneurs; and last but not least,
- Improving upon the policy and institutional support framework for SME development.

The indication is that this laudable project has seen a partial achievement of the overall objectives or the purpose for which it was initiated.

However, in spite of these interventions to improve upon the entrepreneurial activities and ensure the development and stability of SMEs in order to accelerate the growth of the economy, the report concludes that the SME sector is still at an embryonic stage of development and the market for doing business facing distortions (World Bank, 1997). The domestic economy continues to revolve around subsistence activities, leaving Ghana to continue to remain heavily dependent on international financial and technical assistance (Mmieh et al., 2012).

Regardless of the available institutions and training centres providing training and other advisory services to improve upon this sector, there is still a big skill gap in the SME sector as a whole. The sector is still grappling with uphill problems, suffering stagnation and continues to underperform (OML Africa, 2012). As a result, there is the absence of radical innovation. The International Monetary Fund (IMF, 2012) indicates that the private sector which ought to play a key role in accelerating the growth and transform the Ghanaian economy, however, lacks the ability and vitality to enable it to accomplish its crucial role. The sector is characterized by predominantly indigenous micro, small and medium enterprises (MSMEs) and a few large companies mostly multinationals, still continues to lack ability to compete at both local and international levels, despite all attempts by succeeding governments to enhance its competitiveness.

Smaller firms in Ghana are also constrained by a lack of access to both human and financial resources in stark contrast to larger firms, therefore, the SMEs sector suffers survival and growth due to their lack of productivity (Robson, et al., 2009). As a result, the private sector which is dominated by micro small businesses lack the ability and vitality to enable it to accomplish its crucial role in growing and transforming the Ghanaian economy, and the SMEs are largely unaccounted for (IMF 2012; OML Africa, 2012). Agyapong (2010: 196) indicates that data on MSMEs is not readily available, but the little information available from the Registrar General has it that, statistically, the Ghanaian experience of MSMEs and entrepreneurship has been very bad compared to other countries such as South Africa and Nigeria in the sub-region.

This study is therefore aimed at investigating and enhancing an understanding of the factors that constrain and/or enhance the growth and development of SMEs in Ghana.

3.5.1 Similarities between SMEs in Ghana and that of Nigeria and Cote d'Ivoire

The informal sector in many Sub-Saharan economies contribute between 40-60 percent to gross domestic product (GDP) of their respective countries, with the informal sector providing approximately 85 percent of total employment in the Sub-Saharan Africa (World Bank, 2005a; Katua, 2014).

Ghana - In Ghana, the SME sector provides jobs for approximately 90 percent of the working population. Besides, the sector accounts for approximately 85 percent of employment in the manufacturing sector in the country, and contribute about 70 percent to Ghana's GDP, and further make up about 92 percent of all businesses in Ghana (World Bank, 2002; Abor and Quartey, 2010). In Ghana, the Ministry of Local Government and Rural Development categorises the SME sector into micro businesses employing between 1 and 5 people; small businesses employing between 6 and 29 and; medium-sized businesses employing between 30 and 100 employees.

Nigeria - Similarly, the proportion of Nigerian SMEs and their impact on the economic development is quite similar to those in other economies (Katua, 2014). The sector contributes significantly to employment and GDP of Nigeria. The SME sector in Nigeria is estimated to constitute about 97 percent of all businesses in Nigeria. Again, the sector provides on average, 50 percent of employment for the Nigerian workforce, and approximately 50 percent of its industrial output or gross domestic product (Katua, 2014). And by definition, SMEs are categorised into micro entities employing 1-10 employees; small entities employing 11-35 employees; medium-sized entities employing 36-100 and large entities employing 101 and above employees (Etuk et al., 2014).

Cote d'Ivoire - Furthermore, SMEs in Cote d'Ivoire present employment opportunities, and contribute to the GDP of the country (Ghimire and Abo, 2013). SMEs dominate the industry sector in Cote d'Ivoire, they constitute approximately 98 percent of registered businesses, and contribute about 18 percent of the total GPD of Cote d'Ivoire. Besides, the sector offers approximately 20 percent of all modern employment (Ghimire and Abo, 2013). The parameters for defining SMEs in Cote d'Ivoire are as follows: micro entities employ less than 10 people; small businesses employ not more than 50 people and; medium-sized businesses employ up to 200 people (Ardjouman, 2014).

The above shows similarities between Ghana and two other countries (Nigeria and Cote d'Ivoire) in the Sub-Saharan Africa. The information shows that SMEs are indispensable, and have become very significant to the growth of Sub-Saharan economies, they are increasingly gaining the recognition as the backbone of economic growth and driving industrial development in the economies in the Sub-Saharan. It is no surprise that countries across the globe particularly developed economies enjoying a growing and booming economy attribute most of their achievements to a flourishing SMEs sector.

3.6 Summary

The chapter puts into context the description and analysis of this study. The discussions have shown that the commencement and part played by entrepreneurship and SMEs in Ghana had been cultivated by the Ghana's historical, political and socio-cultural contexts.

The period between 1970 and 1983 saw Ghana experience acute economic turbulence; the economy experienced rapid fluctuation of real GDP growth. The Ghanaian economy had almost collapsed with all the economic growth indicators recording negative values (Mmieh et al., 2012). The economic decline Ghana experienced during the period in question led to the adoption and implementation of the World Bank assisted Structural Adjustment Plan; Economic Recovery Programme and Structural Adjustment Programme in 1983 (Mmieh et al., 2010). This was to shore the private/informal sector ostensibly to provide employment opportunities for new entrants to the labour market, as a result of sharp decline in the public sector employment (Mmieh et al, 2012). This notwithstanding, the programmes have, arguably, achieved mixed results (e.g. Robson et al., 2009). The private sector still continues to lack ability to compete at both local and international levels, despite all attempts by succeeding governments to enhance its competitiveness. This is due to challenges which continue to hamper and rock the sector (IMF, 2012). This could possibly be understood in the context of numerous factors including lack of resources such as finance and weak institutional support. These and other factors have contributed to constraining the incentives available to boost the development and growth of small enterprises.

Given that the SME sector is still at a zygote stage of development and the market for doing business facing distortions (World Bank, 1997), the private sector still continues to lack ability to compete at both local and international levels as a result of challenges which continue to hamper and rock the sector, despite all attempts by succeeding governments to enhance its competitiveness (IMF, 2012). It therefore seems prudent to scientifically investigate the factors that influence the development and growth of SME in order to contribute towards enhancing the sectors potential in the country's productivity drive and economic development.

Chapter 4: Research Methodology

4.1 Introduction

This chapter of the thesis aims at presenting the philosophy relative to the methodology and methods chosen for this study. Section 4.2 talks about the research philosophy as well as approaches for the study. 4.3 also presents the research strategy of this study. Section 4.4 discusses the case study design of the thesis. Section 4.5 talks about quality of the study with regards to validity and generalizability. Section 4.6 explains issues of ethics as far as this study is concerned. Lastly, section 4.7 provides the summary of the chapter.

4.2 Research Philosophy and Approaches

This research is explanatory and aims to show relationships between situations and the meanings assigned to those relationships. The author's choice of research philosophy and strategy was informed by the aforementioned research purposes. And, different ontologies, epistemologies and models of human nature are most likely to be the driving force inclining social scientists towards different methodologies (Burrell and Morgan, 1985: 2).

Generally, competing approaches in the social sciences are contrasted on (a) their ontological base, which refers to the existence of a real and objective world (the ontological question is about what scholars study, that is, the object of investigation); (b) their epistemological base, which refers to the possibility of knowing this world and the different forms this knowledge would take (this is about how things are known or knowing things); and (c) their methodological base which relates to the technical instruments and techniques that are used or are applied in an attempt to acquire that knowledge (Corbetta, 2003: 12, 13).

Given the author's view that reality is socially constructed, the author of this research identified himself with the interpretivists tradition and therefore adopted an interpretivist approach for the study. Coviello and Jones (2004), in their study of over 50 empirical studies in entrepreneurship and international business, unravelled that traditionally, entrepreneurship methodologies have been dominated by the positivist tradition, and therefore advocated and endorsed interpretivist approaches in entrepreneurship and international business.

Scholars have classified organizational and social research into various paradigms. One of these classifications, as outlined by Schultze and Leidner (2002), are the following four paradigms; positivism, interpretivism, radical humanism and radical structuralism. Similarly, the other classification refers to three paradigms as highlighted by Saunders et al. (2007) based on epistemological view point, and they are as follows; positivism, interpretivism and realism. Positivism and interpretivism are considered as the opposite ends of a continuum and could be explained on ontological base, epistemological base and research purpose (Guba and Lincoln, 2000). Therefore, the preference for the research paradigm for this study was in line with answering three basic or essential questions in the following; (a) ontological question – their ontological base, which refers to the existence of a real and objective world (the ontological question is about what scholars study, that is, the object of investigation); (b) epistemological question – their epistemological base, which refers to the possibility of knowing this world and the different forms this knowledge would take (this is about how things are known or knowing things); and (c) methodological question – their methodological base, and this relates to the technical instruments and techniques that are used or are applied in an attempt to acquire that knowledge (Corbetta, 2003: 12, 13).

Positivist ontology (tradition) makes an assertion that certain knowledge exists on the basis of an objective and independent reality and could epistemologically be located with a high degree of certainty by way of scientific objective methods. Realism, on the other hand, shares certain similarities with positivism in the sense that it upholds scientific approach in developing knowledge (Saunders et al., 2007).

In contrasts, the interpretivists tradition makes use of relativist ontology and asserts that knowledge is socially constructed, thus knowledge is personal and subjective (Weick, 1984). The author of this research thoughtfully adopts interpretivism from the view point that epistemologically, knowledge about factors affecting the development and growth of SMEs could be located based on the understanding of the experiences and opinions of the entrepreneurs or owner/managers (Morgan and Smirchich, 1980). The pragmatists philosophy is the other school of thought that unites positivism and interpretivism approaches, not lending itself to any particular tradition. Thus the pragmatists approach is open to all approaches in order to comprehend the phenomenon (Creswell, 2009:10). The positivist-interpretivist controversy, as a matter of interest, cuts across institutionalist research approaches. Whereas the rationalist institutionalism makes use of a social realist approach, making an assumption that reality does not exist outside of human interpretation, rather, it is constructed according to our comprehension and interpretations in a process of structuration during which actors involved in the process change and structure reality (Hodgson, 2007; Zucker, 1986; Giddens, 1984).

The author of this research, at this stage, contends that SMEs entrepreneurs' reality in the context of factors affecting the development and growth of their businesses is developed through their social and economic shared and lived experiences (Easton, 1998). This is consistent with the views of academics (e.g. Welter, 2011; Fletcher, 2007; Chell 2007) who argue that entrepreneurialism is centred on the social construction of reality.

Hyde (2000) contends that deductive and inductive are the two main approaches in acquiring new knowledge in research. This study uses inductive approach, and using qualitative methods in exploring the meanings that are based on a more detailed data from 75 SMEs owner/managers. Qualitative research may be preferable in developing economies such as Ghana, where the secondary data required for random samples may be lacking or very difficult to access, and in those cultures where particular emphasis is placed upon the development of social, face-to-face relations and trust (Marschan-Piekkari and Welch, 2004).

Traditionally, the positivists approach is associated with deductive research, and it is predominantly based on quantitative methods as against the interpretivists approach which is associated with inductive research, and it is predominantly based on qualitative methods (Bryman and Bell, 2007). In other words, quantitative methods focus on the measurement and analysis of causal relationships existing between variables, but not process (Denzin and Lincoln, 2011). Nonetheless, quantitative methods lack the ability to offer explanations for the meanings and the processes involved. For this reason, the author's penchant for the use of qualitative methods.

Qualitative methods, in contrast to quantitative methods emphasize on the socially constructed reality, the ultimate relationship between the researcher and the object of study, and the situational constraints shaping the inquiry. Though often described as an unscientific research approach, it has led to many scientific achievements (Glazier, 1992). Qualitative approaches study things in their natural environments, and aim to make meaningful of, or interpret phenomena in the context of the meanings people bring to them (Denzin and

Lincoln, 2011). Therefore, the qualitative approaches adopted for this study led to the exploration of factors affecting the development and growth of SMEs in the primary, secondary and tertiary sectors to provide meanings of the phenomenon under study. By using qualitative (inductive) methods, the researcher purposed to develop a theory based on exploring the meanings that are not measured and quantified, rather emphasize the socially constructed nature of performance and growth of SMEs (Guba and Lincoln, 1994). In a situation where there is a lack of sufficient theoretical support for a phenomenon, qualitative inquiry is the more appropriate approach given that it is capable of explaining a phenomenon as it is more explanatory in nature (Sullivan, 2001).

To some degree, the distinction between 'quantitative' and 'qualitative' research is merely an oversimplification, and may not necessarily be a particularly helpful form of terminology. In the strictest sense, both quantitative and qualitative methods refer to distinct sets of research techniques for gathering and analysing data (Griffin, 1985b). Although the quantitative-qualitative controversy appears to be a dichotomy with each approach based on distinct methods, leading exponents of the positivists approach, admit that qualitative methods may perhaps be used as a supplement to quantitative methods inasmuch as they keep to the path of the same logic (King et al. 1994).

Some quantitative studies seek meanings while qualitative studies sometimes aim at understanding behaviour but not meanings (Hayes, 1997). Given this premise, researchers are at liberty to use research methods of their choice under different research conditions and in different situations. Zikmund et al. (2013: 132) observe that a mechanic cannot use a hammer to fix everything that is broken. The mechanic has a toolbox from which an appropriate tool is matched to a problem. This can be likened to a business research; the researcher has many tools at his disposal and the research design should try to match appropriate tool to the research objective. Besides, just as a mechanic may not be an expert with every tool, each researcher may usually possess special expertise with a small number of tools (Zikmund et al., 2013: 132). This explains the author's preference for qualitative approaches for this study.

4.3 Research Strategy

A research strategy shows clearly an outline for addressing or answering the research questions (Saunders et al., 2007:135). Various research strategies have been suggested by academics. However, these different academics share the opinion that without a shred of doubt, the mutual exclusiveness of the methods raises questions. Therefore, the author of this study conducted the research based on 75 SMEs, using Ghana as a case study.

4.3.1 Pilot Study

A pilot study between July and August 2013 was conducted, and this was carried out through pilot interviews. Before the pilot study, the author conducted a simulative interview exercise lasting an hour and half with a colleague PhD student from another institution (Hertfordshire University) to test its suitability and efficacy. The pilot study involved all three main sectors of the Ghanaian economy; agriculture, industry and service. Three SMEs owner/managers each, making it a total of nine, from all the sectors were located and contacted for interview and each interview lasted one and a half hours during the pilot study and likewise the main study. The author of this study incorporated questions with the purpose of identifying and rectifying any issues relative to clarity of themes, omissions, duration and the general impression of interviewees in the course of the interviewing. This notwithstanding, all nine respondents in the pilot study remarked that the interview themes were clear and fully comprehensible. The pilot study offered the author the opportunity to test and refine the research questions. This also provided the guide necessary and relevant for the actual study (Yin, 2009). Besides, the researcher capitalised on the pilot study to make an assessment of rapport building with respondents which was aimed to minimise observational bias challenges.

4.3.2 Case Study Design – The Case of Ghana

Robson (2002: 178) has defined a case study as an overall plan for conducting a study involving an empirical inquiry relating to a contemporary phenomenon in a real-life setting by employing multiple sources of evidence. A case study strategy enhances a wealthy comprehension of the context of the study and the processes being enacted (Morris and Wood, 1991). Besides, case study investigation deals successfully with the technically distinctive situation where there will be sufficient variables of interest than data points, and since one result depends on more than one source of evidence, the need for data to meet in the form of triangulation, and also as another result derives benefits from the prior development of theoretical propositions in guiding collection and analysis of data (Yin, 2009:18).

Given that this research aims to gain rich comprehension of the context of study and also the factors affecting the development, performance and growth of SMEs, the choice of Ghana as case study strategy was deemed appropriate for this research. Using Ghana as case study was on the basis of Yin's (2009:8) three criteria for adopting a particular research strategy, which are; (i) the type of question(s) asked; (ii) the degree of control an inquirer has over actual behavioural events and; (iii) the extent of focus on contemporary contrary to historical events. This study primarily focused on (why) development and growth of SMEs, either constrained or enhanced. As a result, the author of this research concurred with Yin (2009) that ''how'' and ''why'' research questions most likely requires the use of case studies, histories and experiments.

The author's decision to use Ghana as a case study is that case studies are necessary when there is poor existing knowledge base, and also where there is lack of conceptual framework on the entrepreneurial activities of SMEs in developing countries such as Ghana (Yin, 1994; 2009; Perry, 1998).

Besides, the case study approach enhances theory building and construction based on the comprehension, explanation and interpretation of the factors influencing the development, performance and growth of SMEs in Ghana. Furthermore, this research draws on the five constituents of a case study proposed by Yin (2009: 27) that are essential; (i) the study's question; (ii) the propositions, where necessary; (iii) the units of analysis; (iv) the logic connecting the data and propositions and; (v) the criteria for interpreting the findings.

Again, the author of this research purposed to acknowledge the exact duplication within sectors to complement theoretical duplication across sectors (Yin, 2009). Consequently, the author employed multiple cases (three sectors of the economy) of SMEs to enhance deeper comprehension of how entrepreneurs of small businesses under study view or define the social world (Sullivan, 2001:332). Furthermore, this research purposed to ensure a cross-section of distinct sectors study given that the unparalleled nature of the individual cases and contexts is essential to understanding (Stake, 1995:39). Hence, the multiple cases of the three different sectors of Ghana permitted a range of close semblance and differences, which increased and enhanced the confidence of the findings of the research (Yin, 1994: 45; Miles and Huberman, 1994). The case study involving the three sectors enhanced the study of patterns relative to the three distinct sectors of the structure of the economy, and further helped to prevent any chance associations (Eisenhardt, 1991; Yin, 1994). In addition, the multiple cases involving the three sectors of Ghana unravelled the factors responsible for the success and failure of small businesses.

Nevertheless, the author of this study admits that case studies have their associated setbacks. Yin (2009) admonishes that case studies are less likely to be rigorous enough and could be attributed to the case investigator's laxity in following methodical or prescribed procedures as well as permitting biased opinions in deciding the course of the findings and conclusions. Again, the other setback is the unscientific nature of it (Saunders et al., 2003) which makes generalization difficult except to theoretical propositions given that case studies relate to single experiments. In addition, case studies are understood to be subjective due to the expectation that researchers are meant to have close interaction and also identify themselves with subjects under investigation (Bryman and Bell, 2007). Further to the aforementioned pitfalls, the author of this study admits that the subjective nature of interpreting qualitative data could possibly make room for an element of bias in the research. Hence, the author of this study was cautious and took steps to help minimise bias in any shape and form at various stages of the research.

4.3.3 Unit of Analysis

The unit of analysis, according to Yin (2009), defines the case and hence, constitutes an essential element of a case study. The author of this research used the owner/managers of SMEs as the primary unit of analysis since they have the sole responsibility of the day-to-day running and managing of the enterprise. All 75 businesses participating in the study were entrepreneurs that employed less than 100 workers and their views and distinctive characters continue to be most significant in entrepreneurial activities and the running of the business (Yin, 2009).

Focusing on the owner/manager was crucial as this permitted a thorough analysis of the development and growth of small businesses, and the analysis pertained to owner/manager's view as far as influential factors that either constrain or enhance the performance and growth of their businesses are concerned. As a result the crucial and key information that was gathered, and its analysis comprised data on 'pre' start-up factors, 'at' start-up factors and 'post' start-up factors (Storey, 1994; Storey and Greene, 2010).

4.3.4 Sampling Technique

Sampling in qualitative inquiry applies natural judgments as well as theory-driven factors in selecting the respondents and their suitability to serve the purpose of data collection (Marshall, 1996). The reason is that qualitative inquiry places more emphasis on human intuitions and experiences to investigate phenomena and interpret theories of social actions. The sampling technique permitted the author of this thesis to glean the relevant data for this thesis from 75 operating owner/managers including the 9 pilot cases, from the SMEs sector of the Ghanaian population operating in Ghana. A research population refers to the target group or the full set of cases from which the sample is chosen, and to the same the generalization of the study results is referred. In this regard, the SMEs sector in Ghana was the target group for this study. The SMEs were selected given that there are enterprise-level constraint hampering growth and development of existing firms as well as discouraging new entrants (World Bank, 1996). However, the emergence and development of productive entrepreneurship will accelerate private sector-led growth that would create jobs and improve competitiveness of a developing economy like Ghana (Zuzan, 2010: 1; African Commission, 2009).

The 75 SMEs were selected was based on purposive sampling to generate the data for the thesis. Purposive sampling technique represents a group of varied non-probability sampling techniques. The same can be described or considered as judgmental, selective or subjective sampling; purposive sampling relies on the judgement of the researcher with regards to the selection of the units (e.g. people, cases or organisations, events, pieces of data) under study (Sekaran and Bougie, 2010).

The author determined to select cases to reflect maximum variation, hence businesses were chosen across the three sectors of the economy, and based on key informant technique of selecting respondents with specialized knowledge and selections by taking ‘‘slices through the organization’’ is instances or purposeful sampling (Jankowicz, 2005). The three varied and distinct sectors were chosen given that the economic structure of Ghana is a blend of agriculture, industrial and service sectors, and the main contributors to Ghana’s GDP. In 2009, the services sector provided 49.2 % of GDP followed by agriculture 31.8% and industry 19% (GSS, 2014).Therefore, the main objective of purposive sampling focused on particular characteristics of a population that were of interest and enabled the researcher to answer the research questions (Blumberg, 2011; Sekaran and Bougie, 2010).

Again, this sample technique was used for this study because of the nature of data required. The lack of reliable data is a major difficulty in studying small businesses; once a small business has ceased to exist and no longer in operation, information about the business becomes difficult to obtain (Watson and Everett, 1996: 52). More so, a robust sample is very cumbersome to attain in studies involving small scale businesses as most of them are not registered and lack a well-defined structure, as is the case of Ghana; consequently, purposive sampling technique became more appropriate in collecting data for this thesis (Rooks et al., 2009). In Ghana, data on the SME sector is not readily available (Mensah, 2004) due to inadequate research in the sector, hence, posing policy constraint in the sector (Akorsu and Agyapong, 2012).

Besides, time constraints as well as inadequate financial resources compelled the researcher to use this sampling technique. In considering sample size, Saunders et al. (2003), argue that a minimum number of 30 for statistical analyses provide a useful rule of thumb. The researcher employed the purposive sampling technique to arrive at 75 (25 cases each from the 3 sectors) entrepreneurs of SMEs across all sectors of the economy (primary, secondary and tertiary) of the country, who had sufficient time, readily volunteered to participate in the study, and possessed the experience and information relevant for the study. The selection of twenty-five cases in each of the three sectors was in consonance with the recommendation of qualitative researchers (e.g. Guest et al., 2006; Morse, 1994; Nielsen and Landauer, 1993) that six respondents is quite relevant a number to unravel approximately 80 per cent of key themes in a study. The variations in sectors was crucial in helping to avert chance associations (Yin, 2009; Eisenhardt, 1991). Respondents were drawn from diverse sources including Chamber of Commerce, referrals and through contacts. The sample units of study and analysis were the SMEs that employed not more than 100 people in their establishments.

Subjects also recommended useful candidates for the study (snowball sample). This indicates the extension of primary participants' (key informants') networks to contact other suitable respondents for the study (Denscombe, 2003). The use of snowballing was not intended to deviate from the judgment sampling intentions which applied defined characteristics of the potential respondents. This was intended to boost response rate as respondents in this sector are perceived to be reluctant in divulging information because of their intuition in one way or the other that key information relating to their business may be disclosed or revealed to their close or distant competitors, and also be exposed to tax officials.

4.4 Access

Getting access to businesses and the ability to sustain the access has become problematic in research (Saunders, et al., 2007). Against this background, it was not strange that gaining access to key informants particularly owner/managers was one of the key challenges as far as this study is concerned. The challenge was the time-constraint on the part of these key informants and their reluctance in disclosing sensitive information to a stranger, most especially when there is an element of doubt or suspicion. It became evident during the pilot study that getting access to key informants was a major issue studying small businesses, therefore, the need to establish rapport with respondents became very necessary (Lyon, 2012).

Consequently, the author gained access to some of the respondents through Chamber of Commerce official, heads of trade associations and other key contacts (gatekeepers). During the pilot testing, it was essential to explain the benefits of the study to the participants (and as a result, was able to build and sustain confidence by sharing with them the researcher's background as a past small business entrepreneur) the intention to study the performance and growth of SMEs and ostensibly to make useful recommendations to improving development and growth of SMEs in Ghana.

In the process of the interaction with owner/managers, an introductory letter from the author's supervisor was shown to respondents, besides, the researcher latched on the mutual and sustained relationship with respondents gained over the period of the pilot testing. Respondents were rest assured that confidentiality and anonymity would not be compromised.

4.5 Fieldwork and Duration

Effective plans were put in place to aid the researcher solicit support from local contacts in order to identify the potential participants for the collection of relevant required data. Before embarking on the field trip, a prominent person (contact) who was a former university colleague was identified to bring the researcher into contact with a high profile personnel in Ghana Chamber of Commerce (Takoradi) for onward rapport, and brief discussions about the study, and this took place through phone calls. It is worthwhile to suggest that the part played by this key contact (prominent person) is to connect the researcher with chamber of commerce personnel, who would in turn assist the researcher to identify some key respondents for the study and the necessary protocols to be completed.

Through the telephone calls the author of the thesis was introduced, and all the relevant issues relative to the study were discussed, and assured the contact and the chamber of commerce personnel that clearance has been sought from the Research Ethics Committee. The selection of the key participants was based on the advice of the chamber's personnel that they have rich information to assist in the study if they are briefed very well. All the contact works were fruitful and very assuring and thus inspiring confidence in the researcher to complete the fieldwork successfully.

The author spent about one month preparing and organizing the necessary and required inputs for the trip from London to Ghana. Inputs for the field work included Toshiba laptop, USB voice recorder, participant information (a copy for each participant) sheets, interview guide and others as shown in table 4.1 below.

Table 4.1

Input Requirements for Field Activities	Rationale for Selecting Inputs
One-to-one Interviews	
Interview point or quiet working area	To conduct one-to-one interviews
Interview questions and guide	To guide the flow of interview questions
Interview record sheets and pens	To record salient points of interviews
clipboard	To hold interview papers in taking notes
USB voice recorder	To record one-to-one interviews
Basic Inputs	
Field notebook	To record observations and take notes
Participants information sheets or consent form	To inform participants about the study and their rights
Toshiba laptop	To play interview transcript and summarise evidence
Field handbag	To carry field inputs
Working area	To collect and analyse field data
Telephone access	To communicate with participants
Vouchers	To compensate participants for their time

Input Requirements and Rationale for Selection

Three months fieldwork was planned for data collection, between October, 2014 and January, 2015; this was necessary as the researcher, aware of the daunting task ahead, had to make provision for adequate time on the field in the case of any eventuality in identifying the small scale medium-sized enterprises and getting them to wilfully or voluntarily participate in the study. The researcher worked between 9 am and 6 pm interacting with respondents and engaging in data collection.

4.6 Data Collection Methods

This study employed qualitative data, mostly primary data and a study of documents for the literature review. The primary data was garnered through semi-structured interviews, observations of SMEs owner/managers in their establishments, and the use of field notes. The interviews and observations provided first-hand information about the target population under study.

The author of this study employed iterative style in gathering data for this thesis. The researcher conducted the literature review, embarked on pilot study and again, applied semi-structured interviews and observation iteratively. In an assertion of Yin (2009), researchers are at liberty to adopt any of the following sources of gathering data for case studies; archival records, direct observation, interviews, physical artefacts and participant observation. For this reason, the researcher used direct observation, interviews and documentation for this study.

4.6.1 Direct Observation

The researcher made direct observation in a bid to interpret events within the context in which they happened (Lupton 1963: 29). This was consistent with the philosophical assumptions of the author to adopt contextual rationality of the business (Morgan, 2001a). The researcher worked closely with Ghana Chamber of Commerce between the period of July and October 2013, during this period, the researcher gained access to 24 owner/managers of small businesses in Takoradi to strike acquaintance with them. The author embarked on visits to the business premises of these owner/managers to establish trust and confidence, and familiarised with the day-to-day activities of these businesses.

During this occasion, the researcher developed a close relationship with the head of the Chamber of Commerce, Takoradi, who by chance happened to be an alumnus of University of Cape Coast where the author of this thesis obtained his Bachelor's degree. The strong bond between the Chamber of commerce officer and author of this thesis, paved the way for the researcher to be able to contact and build a strong rapport with many owner/managers of SMEs. In the process, the researcher built relationships with prospective interviewees. A couple of follow-up visits took place around the same period to market places, industrial areas, business and commercial centres to solicit clarifications on emerging themes.

The direct observation permitted the researcher to engage entrepreneurs in both formal and informal discussions pertaining to entrepreneurial practices and factors that affect the development and growth of SMEs in Ghana. The visits and interactions enhanced deep ties and harmonious relationship with key informants and promoted strong cooperation during subsequent interviews (Tillmar, 2012). Lyon (2003) adopted similar method by participating in the meetings of tomato dealers in a study of trader associations and urban food systems in Ghana.

In the course of the observations, the researcher got deeply involved in the social processes of businesses and obtained insights into the context of the opinion of entrepreneurs regarding the factors that enhance or constrain development and growth of their entrepreneurial activities. This provided the occasion for the researcher to be able to review the research questions (Yin, 2009; Sharpe, 2004). This was, nevertheless, a cumbersome process as the researcher plodded along in in a bid to engage owner/managers in some of the discussions, while at the same time kept away in others just to observe entrepreneurs with very little interference. Again, this was a bit of a challenge; it was expensive and time-consuming, given that observation involved several visits to different places (Yin, 2009).

4.6.2 Semi-structured Interviews

The other data gathering instrument the author used for this study was interviewing. All 75 owner/managers participating in the study granted interviews on their own behalf. The researcher spent three months, between October, 2014 and January, 2015 in collecting data through interviewing and observation. Interviews as data collection instruments are better able to capture the very critical subjective meanings that are necessary components of understanding human behaviour (Sullivan, 2001: 98). As a result, interviews are very extensively applied in qualitative inquiry and particularly in case studies (e.g. Yin, 2009; Marshall and Rossman, 1999). In this research, the interview helped the author to gain insights into meanings of issues relating to entrepreneurial activities; factors that enhance or constrain performance and growth of small businesses.

The researcher used qualitative interviews in both the pilot study and the actual study. The interview guide for the actual study detailed non-standardized questions, however, based on fairly precise themes on factors influencing the development and growth of SMEs in Ghana (Boyatzis, 1998). The themes were centred on the research framework of the study. The author fully informed respondents about the nature of the study, the aim and objective, use of the research and the parts they would play in the study. Again, respondents were guaranteed confidentiality and anonymity during the interviews (Saunders et al., 2007).

Face to face semi-structured interviewing was conducted and this helped establish personal contact with respondents and provided the opportunity to be able to interpret verbal and non-verbal behaviour and also clarify issues and elaborate on questions. Interviewing was conducted at the business premises of owner/managers, or at a convenient place of the participant's choice. Descriptive questions were used in the early stages of the interviewing as this was appropriate in opening the discourse (Spradley, 1979). The descriptive questions were specific to general information on the establishment and day-to-day running of the businesses. Questions hovered around story behind start-up, year of commencing business, experience and reputation of business since establishment, social responsibility, and contributions to the economy. Direct questions relating to performance and success of business were avoided in order not to cripple access to very vital information. Questions eliciting the disclosure of vital information were put across in the latter stages of the interviewing (Lyon, 2012; Dalton et al., 1997; Spradley, 1979). A copy of interview guide can be found in appendix 3.

Critical incident technique was used during the discourse to inquire about how entrepreneurs responded to incidents that occurred (Flanagan, 1954). More information was required on incidents such as sources of information and frequency of access to information for business practices, sources of start-up finance, and sources of business funding, level of education, adoption of web technology, role of government agencies, infrastructure, and level of competition. The critical incident technique aided the researcher to delve deeper into events, to be able to unravel the dynamic nature of business growth, and capture the very critical subjective meanings that were necessary components of understanding enterprise' behaviour (Sullivan 2001:98; Marshall and Rossman, 1999).

The semi-structured interviews helped the researcher to be able to examine and comprehend the relationship between the themes and how performance and growth of small business are enhanced and/ or constrained. In the course of the research, the author observed with interest that respondents could provide information that was not accurate probably because of poor recall of past events. Besides, respondents could as well provide information they deemed relevant that the researcher must know (Yin, 2009). To overcome this weakness, the researcher triangulated the interview data with other sources of information such as observation and documentation. It could be admitted that face-to-face interviewing was expensive and time consuming. Secondly, in a few instances, respondents were very reluctant or uncomfortable to reveal all the information relevant to the aim of the study (Marshall and Rossman, 1999).

Interestingly, the purpose of using triangulation of data for this research was to complement each other in order to minimise any possible burden associated with the use of only one single data collection method such as observation or field notes or interview so as to ensure accuracy and also reinforce the level of confidence in the findings of this study. The use of different methods in concert compensates for their individual limitations and exploits their respective benefits (Brewer and Hunter, 1989). This approach helped the researcher to develop the interview guide and also to obtain an excellent comprehension of the existing and emerging concepts and themes. Brewer and Hunter (1989) show that triangulation promotes methodological rigour in the study of performance within business entities.

4.6.3 Interviews Content and Procedure

The semi-structure interviews instrument enjoined respondents to engage in interaction with the researcher to express themselves freely their views on the factors influencing the performance and growth of their businesses without any restrictions to the pre-defined questions. The researcher designed one set of semi-structured interview questions for all the participants as they are from the same sector and perceived to share common characteristics.

The interview questions were symmetrical to the aim of the study, fine-tuned to contextualise the SME sector as a unit of study, and the designed questions revealed the interrelations between the knowledge gaps in literature, the aim of the research and the research framework. The four main objectives of the study guided the themes of the interview, and the researcher seeks to collect data to address the key issues summarised in the research objectives.

Participants were issued with consent forms and information package in fulfilment of ethical clearance, and this detailed all the relevant issues relative to the interviewing procedures such as confidentiality, anonymity, their right to participation and withdrawal (voluntariness) among others. All relevant issues were fully discussed and consent obtained from each respondent before the start of each interview.

One-to-one in-depth tape-recorded interviews, lasting one hour on the average, was conducted with each of the 75 respondents or interviewees. Each of the 75 participants or interviewees participating in the study, contributed approximately one hour and 45 minutes towards the interview exercise, and the period of time covering the initial introduction of both parties (researcher and respondent) to seek their consent. This was followed by one-to-one in-depth interviews.

Albeit, the researcher had gained some level of knowledge about the activities and practices of SMEs in Ghana through reading website content and other materials, the researcher developed better understanding of the respondents and their businesses after engaging them or immersing himself in the field. Snack or refreshment and pens were indeed, considered appropriate tokens for the respondents for their time to participate in the study.

4.6.4 Informal Discussions and Observations

The trust and confidence demonstrated by way of informal conversation with the participants was an indication of their commitment and keenness to participate in the research. The author of this study engaged respondents in informal discussion and the discussion was centred mainly on the purpose of the study, and notes were taken down in the author's field notebook. Recording of data such as feelings, impressions, hunches, conversations and questions, is considered as a proper and rich technique to improve and add quality to other data instruments such as interviews in qualitative research (Huysman, 2000; Myers, 2009). Informal discussions or conversations during lunch time indicate vital moments and present an opportunity to build a strong rapport with respondents and enhances personal relationship between respondents and the researcher, and also deepen confidence level (Huysman, 2000).

The informal discussions occurred at the establishments or business premises of the owner/managers. Although the particular periods were not recorded for such interactions, the discussions, however indicate that a reasonable time period between fifteen minutes and half an hour was devoted for informal conversations with the various business owners before and after the main interview.

4.6.5 Data Analysis and Interpretation Strategy

The choice of particular methods of data analysis capable of explaining or interpreting the textual meanings of the field data for readership is a bit challenging. The challenge is that the methods chosen to analyse the field data ought to be very rigorous in order to be able to pass the expected requirements of PhD scholarship, and also to make meaningful to the SME owners who have the desire to experience the profound effect of the study on the practices and improvement of their businesses.

Analysing qualitative data is somehow a challenge as a result of its complex, iterative and interactive nature, and also because of the subjective nature of human knowledge (Saunders et al., 2007; Miles and Huberman, 1994:12). The author relied on case description and theoretical proposition to enhance the process in this research. The choice of research questions, research framework and samples of cases all together informed the data analysis.

The four strategies for analysing data proposed by Yin (2009: 130-135) are as follows: (i) relying on theoretical propositions, (ii) developing a case description, (iii) using both quantitative and qualitative and, (iv) examining rival explanations. The researcher was aided by the case description to be able to identify the suitable and fitting causal relationships for analysis, and also enhanced the obtaining of in-depth insight, the enumeration and recording (write in tabular form) of factors affecting the day-to-day running of small scale businesses (Yin, 2009).

The semi-structured interviews conducted with every respondent of the 75 cases were audio recorded and transcribed accordingly (Marshall and Rossman, 1999; Boyatzis, 1998). Out of the 75 owner/managers interviewed, 65 of the interviews were conducted in the Akan language – the dominant language in Ghana. The Akan transcripts were translated into English after transcription. The remaining 10 interviews were conducted in the English language which did not require any translation. Each of the transcription was saved under a filename identifying the respondent and myself while preserving anonymity and confidentiality (Saunders et al., 2007). Transcripts were checked against correctness, for typographical errors; and data was classified according to the identified themes in the research, which were; the source of finance at start-up and source of funding for day-to-day running of the business, the adoption and use of web technology in the business, the influence of level of education in day-to-day running of the business and the impact of other factors on the success of the business.

Five strategies have been suggested (Bryman and Bell, 2007) for analysing qualitative data and these are; analytic induction, discourse analysis, conversation analysis, narrative analysis, and grounded theory. Nevertheless, Braun and Clarke (2006) suggest an alternative strategy for analysing qualitative data which is thematic analysis. Braun and Clarke (2006) state that this method (thematic analysis) identifies, analyses and reports pattern (themes) within data. Therefore, thematic analysis (TA) strategy was adopted and used for analysing the data of this thesis because of its flexibility and inherent advantages that come with the use of it.

Researchers who use thematic analysis strategies are able to unravel similarities and also are able to identify emerging themes to bring about a ring of evidence to develop the argument (Braun and Clarke, 2006). Additionally, thematic analysis strategy promotes detailed organization and detailed account of the research findings. Thematic analysis is a strategy with flexibility, easy to learn and apply, and also well noted for its accessibility to beginners in research (Braun and Clarke, 2006:79). On the contrary, scholars contend that thematic analysis strategy is not properly demarcated, it overlaps with other strategies such as grounded theory in searching for themes (Braun and Clarke, 2006).

Given the flexibility, attributes and benefits of thematic strategy, the author analysed the field data being guided by the six steps suggested by Braun and Clarke (2006) for the application of thematic strategy in data analysis. The transcribed data was coded with the research questions and the research framework as the underlying factor (Saunders et al., 2007; Braun and Clarke, 2006; Miles and Huberman, 1994). The data was coded based on code names to construct a thematic table or map.

The themes included: (i) access to funding at start-up and sources of business funding after start-up, (ii) level of formal education qualification of owner/manager, (iii) the adoption and use of web technology in doing business, and other range of factors including (iv) the location where an entrepreneur choses to set up or establish business, (v) the cost and supply of energy, (vi) the policy of government on taxation and, (vii) the impact of sustained inflation. The key themes that emerged from the study through interviews and observations were summarised and the link between the themes also identified (Saunders et al., 2007). The approach made it possible for the author to have an in-depth overview of the interview transcripts.

It was expedient to make iterative comparison between evidence from each case and the research framework to verify any close fit with the data and that whether new insight could be revealed in order to develop a valid empirical theory (Eisenhardt, 1989: 541). This notwithstanding, the volume of data gathered required sufficient time for the transcription and analysis. Nonetheless, after carefully reading through the transcript a couple of times, the author was in a better shape to analyse the qualitative interviews.

Five analytical techniques proposed by Yin (2009) are; (i) pattern matching (ii) explanation building (iii) time series analysis (iv) logic models and (v) cross-case synthesis. The author used explanation building and cross-case synthesis mostly in this study. The explanation building technique enabled the author to develop explanation and interpretation about cases by the use of the research framework while trying to explain the ''how'' and ''why'' business' actions. Again, the technique enhanced the establishment of causal relationships that reflected critical insights into influential factors that affect the performance and growth of SMEs. The technique facilitated important contributions to theory building while taking into serious consideration policy implications (Yin, 2009).

Additionally, the cross-case syntheses technique was deemed particularly useful in analysing the multiple cases (agriculture, industrial, service sectors). This technique allowed for the separate treatment of each case while at the same time allowed the cases to be analysed as part of one unit in this research. It may sound interesting to indicate that the author analysed most of the field data in the field. The author of this thesis, in his reporting of the findings, summarised the interviews and observations and presented the findings in mostly quotes from respondents or from individuals across the three sectors, in developing the arguments (Yin, 2009). The researcher translated the quotes based on what the interviewees put across in relation to their interpretations of events but with caution in order not to lose the substance of the contexts in which the statements were made.

4.6.6 Transcription and Data Categorisation

All interview conversations were recorded with a USB digital voice recorder, transferred onto a computer (laptop) and transcribed manually. The author of the thesis was bound by the Data Protection Act 1998; which is explicit about confidentiality, and restricted the transcription of interviews data to the sole responsibility of the researcher. The data transcription exercise was indeed, a daunting task and time-consuming, which actually slowed the gait of the study.

The interview transcripts were separated into component parts (categories) under the main thematic research objectives. It is important to emphasize that the thematic problem of concern as well as data techniques were organised in such a manner to enhance thorough analysis of qualitative study material, which would otherwise be difficult to do using an automated software such as qualitative data analysis (QDA). Myers (2009) observes that anyone using a research method and a QDA approach considered as holistic, for instance hermeneutics and narrative analysis, then one may decide to forgo QDA software.

The interview scripts of the participants were verified against evidence of each other in the process of data categorization. The categorization was carried out with the purpose of establishing similarities and differences in responses. Interviews data were augmented with observations, and decomposed under the main themes in the research framework to permit sub-themes and also interpretation with hermeneutic and narrative analyses.

The researcher reported the findings with definite themes to correspond with the identified research objectives, interview questions and sub themes. The logic in this is to narrate or tell the story in a consistent manner that reflects the holistic characteristic of hermeneutic circle and the narrative plot analysis. The findings of the study identified the main themes and sub-themes. The main themes were the key variables identified in the study as factors influencing the development and growth of SMEs in Ghana. The main themes emerging from the study are the following: access to finance; web technology, level of education, cost and supply of energy (electricity), sustained inflation, government policies, competition and location. There were sub-themes identified with each main theme. The main themes and sub-categorization outline the factors that influence SMEs growth in Ghana, and the evidence is fully analysed and interpreted in the next chapter. Findings are detailed in Chapter 5, with thematic narrative analyses and a sequence of intermixed word for word or direct quotations to present a consistent and connected story to the study readership. Results have been examined against the key research issues to draw conclusions juxtaposing them against the literature review to confirm, challenge and extend previous evidence, in a way to develop a new line of inquiry (Yin, 2003).

4.7 Quality Issues

Quality issues were considered very essential in this study. The author made certain that quality of this scientific research was based on the following proposed four criteria; construct validity, internal validity, external validity and reliability (Yin, 2009; Miles and Huberman, 1994). Validity refers to the extent to which the author employed the suitable and fitting methods to undertake the intended study rather than embarking on the study of a different phenomenon. In this regard, there ought to be harmony between theory, model as well as their interpretation of theory so as to show validity (Gummersson, 1991:80-81). Reliability is an indication that the study could be replicated by future researchers.

The other thing to do in making sure the quality was of essence was that the researcher embarked on a pilot study before conducting the main study. The pilot study purposed to clarify key concepts as well as themes to aid in developing the research questions and the research design for the actual study. Again, the researcher took steps to ensure that misinterpretations in the course of the interviews were lessened, and this was done by way of asking interviewees to elaborate on salient points. Raw data from tapes and field notes were also retained (Lincoln and Guba, 1985).

Furthermore, the multiple sources of data collection namely observation, interviews and documentation/field notes employed in this study was also subjected to peer review (Robson, 1993). Also, in the course of the analysis, the researcher made efforts to establish, and stressed on the main patterns of similarities and variations between interviewees' experiences and opinions.

The table 4.2 below shows the summary of the methods employed to augment validity and reliability in this study

Table 4.2

Tests and Techniques for Establishing Validity and Reliability in this Case Study Research

Research Study design tests	**Corresponding qualitative design tests**	**Research/study techniques**	**Phase of research in which techniques occurred**
Construct validity	**Confirmability**	Multiple sources of evidence	Data collection
Internal validity	**Credibility**	Undertook explanation-building. Made sure that internal coherence of findings and concepts are systematically related	Data analysis Data analysis
External validity	**Transferability**	Defined scope and boundaries of the study. Compared evidence with existing literature, gave full account of theories and ideas.	Research design Data analysis
Reliability	**Dependability**	Assured congruence between research issues and features of study design Recorded observations and actions as concrete as possible Used peer review	Research design to data analysis Data collection Data Analysis

Source: Adapted from Miles and Huberman (1994) and Yin (2009)

4.8 Ethical Approval Process or Procedure

Given that the Ghanaian experience of SMEs and entrepreneurship has not been that impressive, coupled with inadequate research in the sector, this premise provided the impetus for conducting the study in the SME sector. The decision to use Ghana as a case was a strategic one given that the researcher originated from Ghana and understood, and very conversant with the local culture. Several ethical issues were considered while gathering data for the research (Sekeran and Bougie, 2010), and any involvement in unethical behaviour on the part of the researcher was avoided as this would be tantamount to a breach of ethical standards (Blumberg, 2011). Ethical issues in this research pertained to three parties namely the sponsor; Brunel Business School (BBS); the researcher (the one collecting the data); and the respondents (participants).

On the part of BBS, the Research Ethics Committee had the responsibility of giving or providing the researcher the approval to collect the data from the relevant subjects or respondents.

On the part of the researcher, the researcher was obliged to seek approval from the BBS Research Ethics Committee for the research, treating and keeping information given by respondents as strictly confidential as possible; and protecting respondents' privacy was a major responsibility. The researcher had a responsibility to ensure that the nature of the study was not misrepresented to respondents; as well as taking pains to make sure the purpose of the study being well explained to the subjects. The researcher had a responsibility of ensuring that no personal or intrusive information was solicited from subjects, and where it was extremely necessary, it was done with high sensitivity to the respondents offering specific reason.

The researcher had an obligation not to violate the self-esteem and self-respect of the subjects, thus subjects were not coerced to participate in the study; and those individuals who did not avail themselves for participation, and their decision was respected. Informed consent of the participants was the goal of the researcher. The researcher made explicit his assumptions and expectations so that informed decisions about the quality of the data could be made by the managers/owners. Participants or respondents were not exposed to any situation that could harm or jeopardize their physical or mental state. The researcher took personal responsibility of the safety of subjects. Last but not least, there was absolutely no misrepresentation or distortion in reporting the data gathered in the process of the study.

On the part of the subjects or participants, having exercised the choice to participate in the study, cooperated very well and fully by answering questions assuredly during the interview, as well as being themselves in their natural setting during the observation. The participants also exercised their obligation to be truthful and honest in their responses. They avoided any misrepresentation or giving any information, knowing very well to be untrue.

The following ethical issues as identified by Blumberg (2011) were met:

(i) Researcher obtained written consent for participation.

(ii) Researcher described the main procedure to participants in advance.

(iii) Researcher informed participants that their participation was voluntary.

(iv) Participants were informed they had the choice withdrawing from the study at any time and for whatever reason.

(v) During the interview participants or respondents were permitted to skip or omit any questions they were not comfortable answering.

(vi) Researcher assured participants that their data would be treated with utmost confidentiality and that in case it was published, will not be identified as theirs.

(vii) Respondents were given the opportunity to be debriefed, thus the opportunity to find out more about the study and its outcome.

(viii) Researcher ensured participants or respondents were not in any way exposed to any physical or psychological risk, distress or discomfort.

Researcher ensured participants or respondents were of sound mind and that none of them had a learning difficulty or communication impairment. In other words, no participant/respondent regarded as vulnerable was allowed to participate in the research.

4.9 Summary

The chapter discusses the methodology used in establishing the phenomenon under investigation by gathering data on that phenomenon. In doing so, there are basically two different kinds of data gathering methodologies; namely quantitative and qualitative.

The chapter highlighted that debates over approaches are based upon dualist position of two main approaches, usually positivism and interpretivsm. It was indicated that competing approaches in the social science are contrasted on their ontological base (existence of real and objective world), epistemological base (the possibility of knowing this world) and methodological base (instruments or techniques used to acquire that knowledge).

It was justified why qualitative inquiry was of essence and preferred for this thesis. Qualitative paradigm is based on interpretivism; and seen as providing richer information than quantitative approaches. Besides, qualitative inquiry was preferable for a developing economy such as Ghana, where the secondary data required for random samples lacked easy accessibility, and in a culture where face-to-face relations and trust was expedient.

The research strategy including a case study design used in conducting the study was discussed in the chapter. It was noted that the researcher aimed at exploring and understanding a phenomena of interest; factors enhancing or constraining the development and growth of SMEs in Ghana. The reason for this approach was that the phenomenon is under researched as far as the private sector is concerned, and the researcher aimed at filling this gap. A case study approach to explore and gain a better understanding of the nature of the problem was of essence since very few studies have been undertaken, especially in the case of Ghana.

The data gathering tools for the thesis, namely semi-structured interviewing, direct observation and field notes were covered in the chapter. With respect to interviewing, the semi-structured interview was decided for the thesis. It was noted that semi-structured or unstructured interviews were particularly helpful since the research was aimed at exploring a topic of fundamental interest such as this. It was characteristically based on flexible topic to provide a loose structure of open-ended questions to explore experiences and attitudes. This had an advantage of great flexibility, permitting the researcher to enter new areas to produce richer data. The response opportunities in the semi-structured interview approach were appreciated by respondents as this approach allowed them the room to frame stories that suited them.

Participant observation, the other data gathering instrument, allowed the researcher to be located on the action spot to observe some action, activity or phenomena, and recorded it in some manner. The researcher's involvement over an extended period in the field became an essential tool of data collection whilst at the same time; the observation was much less structured or standardized. The observation enabled the researcher in obtaining insight into things that respondents would otherwise not readily verbalize.

Sampling and its techniques have been discussed. It was highlighted that the quality of a research was in most cases better with a sampling than with the entire population. Subjects were selected to participate in the research on the basis that they would provide information considered relevant to the research problem.

The purposive sampling, which represented a group of different non-probability sampling techniques, and used for the thesis was noted in the chapter. Also known as judgmental, selective or subjective sampling, purposive sampling relied on the judgment of the researcher when selecting the unit. This focused on particular characteristics of a population of interest, which best enabled the researcher to answer the research questions. The intended reason for this technique was overcoming the problem of lack of reliable data which was a major difficulty in studying small businesses. When used in the early stages of exploratory research of this nature, a judgment sample was suitable. The purposive sampling technique was employed to select a sample size of 75 SMEs across some parts of the country.

Lastly, ethical issues pertaining to the parties in the research were highlighted. Ethical issues in this research pertained to three parties, namely the sponsor (Brunel Business School) the researcher and the respondents or participants. Several ethical issues were considered in the process of gathering the data for the thesis. The researcher had to seek official approval from the Business School (sponsor) to carry out the fieldwork.

Chapter 5: Interpretation and Discussion of Findings

5.1 Introduction

The main aim of the thesis was to investigate the 'factors that influence (either enhance or constrain) the development and growth of SMEs' the case of Ghana. As stated on page 149 in chapter 4, the researcher used thematic tool of analysis to bring meaning to the empirical data necessary for finding out the factors influencing the growth of SMEs.

This chapter (chapter 5), therefore, presents the findings of the empirical study on the factors affecting or influencing the performance and growth of SMEs, the Case of Ghana, as the sector has suffered a setback (e.g. World Bank, 1997). The chapter is divided into five main sections in accordance with the research questions, and their sub-sections. It also examines owner/managers' perceptions of entrepreneurial activities in Ghana and the issues that impact directly or indirectly on the performance of their businesses. This investigation was undertaken given that evidence (e.g. World Bank, 1997; Mmieh et al., 2012) suggests that the SME sector is under-developed and still at an embryonic stage.

5.2.0 Access to Finance, and Sources of Funding

This main section addresses the core research question of how access to finance or sources of funding affects or influences the growth of SMEs in the Ghanaian context. The reporting and analysis of the outcomes is centred on three sub questions: What are the sources of capital at start up? What are the sources of post start-up business funding? What is the owner/managers' attitude towards bank facility, or the experience of owner/managers with respect to bank facility.

This section examines the broad picture of the different source(s) of capital at start-up; investigates the different sources of post start-up business funding; examines the experience of owner/managers and or their attitude towards bank facility in Ghana; and offers a summary of the section.

5.2.1 Source(s) of Capital Available to SMEs at Start-up Stage

This sub-section examines the different source(s) of capital available to, or used by SMEs at the start-up or initial stage of business establishment, in an attempt to help answer research question: What are the sources of funding available to SMEs in Ghana?

Capital or finance is a very crucial lubricant for small businesses (Storey and Greene, 2010), it is the life blood of an enterprise, without which it would be very difficult how a business can take off, experience growth, survive or become perpetual. At start-up and for perpetuity, businesses typically need capital and funding to ensure that they can afford assets - plant, machinery and vehicles, to fund the operation of the businesses (working capital) for the sake of firm growth.

There is a variety of different sources of start-up finance (e.g. Deakins and Freel, 2009) available to SMEs, from which they may draw upon to commence their business (both internal and external sources of finance). Among other things include overdrafts, grants or subsidized loans, equity finance, mortgage on home, loans from friends and family, personal savings, credit cards, gifts from friends and family and many more (Storey and Greene, 2010). Both start-up and established businesses make use of this wider range (both internal and external) of sources of finance enumerated above that are often available to them and easier to access once a business commences trading or operation (Storey and Greene, 2010).

SME owner/managers in Ghana were mostly found to rely heavily on internal sources of finance at start-up, and comprised funds from personal savings; family-assisted funds; and friends-assisted funds. The author of this thesis define start-up capital as money required by owner/managers to start a new business or a venture, regardless of the nature of business and the sector of operation. In other words, the "seed money" required to enable SMEs commence a business.

Almost all 75 participants had started their businesses using internal sources of finance, without recourse to any external source (bank facility), and this was either solely personal savings or with support from family and, or friends. This was the case of the overwhelming majority of the 75 entrepreneurs in the study. This is consistent with Storey and Greene (2010) that small businesses are heavily reliant and dependant on their own personal wealth or resources at start-up. The manager of a tailoring and fashion business disclosed an internal source of finance as capital at start-up:

> ‘‘Before going into this business, I had made little savings from the stipend I was receiving during the period of my apprenticeship; and the period during which I worked with my master as a full-time paid assistant to my master. I managed to make an accumulated savings during the two periods for my capital at start-up’’ (Entrepreneur participant - 5).

This participant recounted the source of start-up capital at the commencement of the business. In this instance, the participant indicated the source of his start-up capital dates back to when he started his career as an apprentice through the period of taking up a paid role as assistant to the master. Per his assertion, he raised the start-up capital out of his personal savings without recourse to any source of external funding.

The other illustration to re-emphasize personal savings as the main source of start-up capital for most nascent businesses in the private sector who established their businesses relying on their own internal means of resources, the manager of a poultry business said that:

> ‘‘The source of capital at start-up for this business was through personal savings which was raised from my pay-out; I was made redundant from my previous job and received a pay-out as a result of that. I topped it up with the little savings over the period of time I was in that employment, and was able to raise at least enough to commence this business’’ (Entrepreneur/participant – 6).

The above quote indicated the circumstances surrounding the mobilization of capital for the start-up of the business; he established that the start-up capital was raised through a pay-out from his redundancy in addition to savings made over a period of time. This constituted the capital for the commencement of the business, without recourse to any bank facility.

There were occasions the study uncovered that some start-ups received support from family and or friends; they received some form of assistance and support from either nuclear or extended, be it maternal or paternal family relations, to enhance their start-up. This is in consistent with prior studies (e.g. Clark, 1994; Burns, 2011) which suggest that family relations play significant role in enterprise development, for instance, family members may contribute either in cash or in kind towards the business at the start-up stage. The manageress of a catering and decoration centre observed that:

> ‘‘My husband is deeply involved in the business, he was very instrumental in raising the capital. This is more or less a family business because of his substantial

contribution to this course; meeting me more than half-way for the start-up capital. Hitherto, I've not accessed any external funding'' (Entrepreneur/participant – 53).

The above excerpts show how pivotal internal source of capital at start-up is (e.g. Cassar, 2004), and that the internal sources may comprise primarily the personal wealth of the business owner/manager and that of their immediate family (Storey and Greene, 2010). And this was generally the case in the context of Ghana that start-ups, across sectors and industries, rely heavily on internal source of funding.

The next sub-section looks at post-start-up sources of funding for small business in Ghana. The section examines how the small businesses were resourced and funded once they are established throughout the number of years they have been in existence.

5.2.2 Sources of Funding for Established Businesses (Post Start-up Finance)

This sub-section draws on and compares the entrepreneurs or participants in an attempt to establish: *The sources of post start-up financing of small businesses in Ghana.* This investigation was undertaken given that academics (e.g. Moreno and Casillas, 2007; Storey and Greene, 2010) declare that established businesses typically need finance to cater for assets such as plant, machinery and vehicles; and as a working capital to fund the operations of the business and to grow the business. Access to finance facilitates the performance and growth of the business, whereas inadequate access constrains growth (e.g. Moreno and Casillas, 2007; Storey and Greene, 2010).

Evidence from the study showed the post start-up business funding in the context of Ghana was through internal source through ploughed-back profit single-handedly for sole proprietorship and jointly in the case of partnership businesses. The study uncovered that the overwhelming majority of owner/managers relied heavily on internal source of finance for post start-up of funding their businesses. Illustrated below, are excerpts of evidence from the study, of which the majority expressly emphasized internal source of finance:

Question: *How long have you been running this business, and what are the sources of your business funding?*

Manager of upholstery works: *I have been running this business for about fifteen (15) years now. Since establishment, I have been relying on internal source of funding by re-investing my profit back in the business, I have not received any financial support from anybody, not even the government or their agencies. It has been a struggle coming this far, I only try to manage the little profit I make from this business by pushing it back in to keep the business going (Entrepreneur/participant – 8).*

Question: *Have you attempted to go for a loan from the bank or any financial institution in the past to fund your business?*

Manager of upholstery works: *Accessing external source of funding from these banks and financial institutions does not come easy for businesses of this size; a whole lot of requirements are involved, and businesses of ours find it extremely difficult meeting the requirements, besides, I have had a terrible experience with these financial institutions. But for the unfavourable requirements, accessing bank facility would have been an ideal thing to do for expansion (Entrepreneur/participant – 8).*

In the above interview, participant 8 shared with the researcher how he has been funding his business for the past ten (10) years the business has been in existence. He indicated the business has been funded through internal source; plough-back profit. Allusions were made with respect to unfavourable requirements, cited by the owner/manager as deterring owner/managers from accessing funding from external source, for instance, the banks and the financial institutions.

The manageress of beads-making business also shared her experience of how she has been funding her business through an internal source; plough-back profit.

> ‘’…, I established this business through my own personal savings, and still financing it through personal resources 7 years now since inception; I put back the profit in the business. Actually, seeking external assistance from the bank or financial institutions would help me expand the business, but I am simply not interested; the interest rate and other requirements put me off’’ (Owner/manager participant – 11).

The quote from participant 11 emphasized that internal source of finance, in other words ploughed back profit was the source of funding for her business. She indicated funding is through internal source by ploughing back profit made from business. The owner/manager also enumerated loan requirements as a reason for not seeking external financial assistance, despite the possibility for expansion through access to external source of funding.

The study also unravelled that the internal source of funding included funding through partnership; this involved businesses owned and run by partners. It was revealed in the study that owner/managers relied on their partnership business type to fund their business without accessing any bank facility; they did this by ploughing-back shared profit:

> ‘’The business was co-founded about a year ago by me and my other partner and we’ve been co-funding it since its inception. Even though I’m the sole person responsible for the day-to-day running of the business, but we jointly fund the

business…. We have not shown any interest in bank facility, their interest rate and other requirements are not favourable'' (Owner/manager participant – 40).

The owner/managers observed how the businesses have been funded and expressed lack of interest in external source as a result of certain unfavourable requirements of the financial institutions. They were found not to be using any external sources of funding in consistent with Mach and Wolken (2006) that small businesses are less likely to use multiple sources of finance.

However, the manager of a restaurant business in the hospitality industry among others, less than one-fifth of the participants in the study, had taken bank loans to finance their businesses after establishment. The manager of the restaurant business started the business with personal savings but took a bank loan for funding once the business was established and running, he indicated that:

> ''I have run this business close to ten (10) years; I started the business with my personal savings, and three (3) years into operation, there was the need for me to seek a bank loan for expansion, which I did. This continued until recently that we put on hold all loans due to the high interest rate'' (Owner/manager – 22).

The quote from participant 22 enumerated some of the external sources of finance available to established businesses. The participant made clear that the business had sought external funding once it was in gear; and the growing intent of the business was the precipitating factor and the driving force compelling the business to make use of a wider range of sources of finance. Entrepreneurs in this bracket defied all odds to seek external funding with the motive of improving and expanding their businesses.

The sub-section identified that owner/managers used two main sources of finance in funding their businesses; internal source and external source, with the overwhelming majority (both sole proprietorship and partnership businesses) relying heavily upon internal source - ploughing back profit. This was in contrast to an insignificant number of entrepreneurs relying on external source of finance to fund their businesses. In a nutshell, empirical evidence showed that SMEs made use of wider range of resources comprising internal sources (plough-back profit) and external sources including bank facility as reported in previous research (e.g. Deakins and Freel, 2009).

5.2.3 Entrepreneurs' Personal Experience and Attitude towards External Funding.

The evidence from the study identified a section of the owner/managers sourcing external finance to fund their operations, whilst an overwhelming majority of participants were adamant; they had not expressed any interest in going for any external source of finance such as bank loan to fund their businesses. This section draws on and compares the participants in an attempt to establish their experiences with external sources of funding, and also the lackadaisical attitude of the majority. This is an attempt to answer the research question: *Have you accessed any external funding, if yes, how easy and/or difficult is it, and how does the cost of finance affect your cash flow; if no, are there any reasons?* This investigation was undertaken given that academics declare that there is lack of finance from the banks to the small scale business (e.g. Sowa et al., 1992; Abor and Biekpe, 2006; 2007; Abor and Quartey, 2010).

Empirical evidence from the study showed that an overwhelming majority of the owner/managers had either refrained from or been denied access to external source of funding (bank loans) as a result of unfavourable requirements put in place. The most-cited requirements impelling them to shy away from external source of funding, among other things included: *collateral requirement* (e.g. Sowa et al., 2010; Buatsi, 2010); *repayment terms – often too limited a period* (e.g. Abereijo and Fayomi, 2005) *provision of guarantor or surety and bank lending or interest rate.*

Entrepreneurs expressed concerns about the behaviour and attitude of the financial institutions towards the SMEs, and did not hold back their determination to refrain from accessing bank loans until these service providers revise their requirements. Illustrated below, are excerpts from the study about the concerns, frustrations and experience of owner/managers with respect to external funding or bank loan:

Interview 8

Question: You indicated you have had a terrible experience with these financial institutions that you are reluctant contacting them again, could you share your experience?

Manager of Upholstery Works: ''As I indicated earlier on, I made two attempts in the past for a bank loan but was not successful. The bank set up a daily savings scheme known as 'Susu' in our local parlance, to serve as collateral, after which I would qualify for a loan. At the end of the scheme and to my utter consternation, I was told by the same bank I did not qualify for the loan given that this is a small business. After a huge ruction between the bank and myself, I was asked to provide a guarantor to vouch for me, but I could not provide any guarantor. Finally, I was not given the loan, and they still have my two-year daily savings (Susu) with them. I was so devastated as a result of this experience, hence, I am no longer interested in a bank loan, and it is unattractive to me'' (Owner/manager – 8).

The above interview with participant 8 shows his past experience with the banks or financial institutions which has informed his judgment about the financial institutions or his decision to refrain from accessing any external funding to expand his business. This was the concern of other owner/managers who have experienced same or similar situation. The entrepreneur could not hide his frustration for failing to secure the agreed loan after going through the process of daily savings 'Susu' scheme, and had his money locked up with the bank, hitherto, and being told the business did not meet the conditions to secure a loan.

Interest rate charged by the banks or financial institutions was one of the preventive requirements scaring SME entrepreneurs away from accessing external source of funding from these service providers. Owner/managers made reference to this particular requirement, and indicated that it was not favourable and has a potential of collapsing their businesses:

> ''…, I started the business 8 years ago through personal savings; I'm not really interested taking a bank loan, the interest rate scares me away, besides, you have to pay it over a period of time. However, you're not sure about how much profit you're making at the end of the day'' (Owner/manager – 11).

> ''…. I am simply not interested in a bank loan because of the high interest rate, I've funded it by myself 7 years into business. Woe betides you for any default, your business would be gone, and let me indicate to you that the market is slow at the moment, so you can imagine what would happen, funding your business with a bank loan'' (Owner/manager – 32).

The above quotes from participants 11 and 32 show one of the reasons why entrepreneurs of small business shy away from getting external funding from the banks to finance their businesses. The entrepreneurs admitted that access to funding would have helped their enterprises but for the cost of capital, entrepreneurs preferred to rely on retained-profit to fund their enterprises; they observed that the high interest rate on loans would leave them without any profit as their hard earned little profit would go to service interest on loans.

Terms of loan repayment was also uncovered as a preventive or restraining factor discouraging owner/managers from accessing external funding from the financial institutions. Entrepreneurs cited the loan repayment terms as a preventive factor crippling their desire and interest to seek external funding from the financial service providers. There were instances where the experience of victims of repayment terms served as a lesson to others, hence, there was zero desire for a bank facility:

> ‘’…. Bank loan is not the best option; these banks and financial institutions, most of them, I would say are operating with evil intent, they make sure they slap a huge interest on the loan with a short repayment terms. This is a deliberate attempt so they can take over your business knowing very well you’ll default. It happened to a friend of mine in business, he was given one year repayment terms to pay back the loan with a huge interest, he defaulted, and in the end his house and a vehicle were confiscated by the bank. I don’t want to be a victim so the bank will take over this business including my assets’’ (Owner/manager – 44).

The quote above from participant 44 shared the experience of a colleague entrepreneur who defaulted in repayment terms, and this unfortunate situation informed his judgment or perception about the financial institutions, consequently, his lack of interest in accessing bank facility. He implied the one-year repayment term was not adequate enough a period for one to be able to pay back the loan with its interest. Similarly, perceptions of evil intent on the part of the banks to deliberately victimise owner/managers of businesses and confiscate their assets, according to the quote, deterred entrepreneurs from relying on external sources of finance to fund and expand their enterprises. Summing up the repayment terms as a deterrent, an entrepreneur who bought inputs from abroad for business operations indicated that the repayment terms would not favour any meaningful investment to generate quick returns on time to be able to pay back loan and interest:

> ‘‘I’ve been funding this business through internal source since its inception 7 years ago. Bank loan has not even crossed my mind because of their repayment terms; it is too short a period to make any meaningful investment and will go against us. We buy a lot of our equipment from abroad, you could imagine what would happen if you took a bank loan and expected to pay back with high interest within a six-month period. The repayment term, deters me from going for a bank loan’’ (Owner/manager – 64).

At times, loans received are less than requested and short period of time included in the terms and conditions for the repayment of the loans. Commercial bank/financial institutions loans extended to SMEs are often limited to a period far too short, sometimes between 6 months and one year, to pay off any sizeable investment (Abereijo and Fayomi, 2005). Owner/managers observed that repayment terms was one of the deterrents preventing them from securing bank loans to fund and expand their businesses.

This section shows that entrepreneurial experiences and views with regards to access to external funding from the banks and financial institutions to finance their businesses were negative in Ghana. Experiences and perceptions of the processes involved, particularly the requirement such as collateral, interest rate, guarantor, repayment terms and delays due to long processes, were cited as deterring and preventing entrepreneurs from sourcing external funding from the banks or financial institutions to expand and grow their businesses. Besides, instances of the banks using their discretion to determine how much loan to be granted, thus the possibility of getting the amount slashed, were also cited. Consequently, the study found that owner/managers mostly relied on retained profit to fund their business is, which in actual fact, stifled growth.

5.2.4 Summary of Findings

This section sets out to examine how easy access to funding enhanced the growth of small enterprises, and on the other hand, how lack of easy access to external funding impacted on the performance and growth of same. It had also examined the requirement for securing loans, and how this requirement had shaped the attitude of owner/managers towards sourcing external funding to expand and grow their businesses, hence the over-reliant on retained-profit.

In answering the first main research question: *Does access to funding enhance the growth of SMEs?* The findings suggest that entrepreneurs or owner/managers of SMEs had mainly relied on internal source of finance for the capital at start-up. This result is in line with the findings of Clark (1994) Cassar (2004) Storey and Greene (2010) and Burns (2011). This internal source of finance comprised money from personal savings of the entrepreneurs and the support from immediate family relations and friends and loved ones. They (entrepreneurs), an overwhelming majority of them had also drawn on their retained-profit as working capital to fund their established businesses. Thus confirming existing literature that suggests that in the context of lack of easy access to external source of capital as a result of impediments (Sowa, Baah-Nuakoh, Tutu and Osei, 2010; Buatsi, 2010), small businesses find internal and informal sources of funding as pivotal, and are heavily reliant on retained profit in funding their operations (Riding and Short, 1987; Berger and Udell, 1998; Cassar, 2004; Deakings and Freel, 2009; Storey and Greene, 2010).

This section shows that entrepreneurs or owner/managers had mostly not relied on external source of finance to fund their established businesses. This was found to be attributed to entrepreneurial experiences and perceptions of unfavourable requirements and the huge bottlenecks involved in the process of loan acquisition, thus the perceived requirements hamper productivity and constrain business growth. Even though prior studies suggest that easy access to finance facilities enhances growth, whereas inadequate access constrains growth (Beck and Demirguc-Kunt, 2006; Moreno and Casillas, 2007) this study shows that access to external funding, as well, constrains the development and growth of enterprises in several ways in Ghana due to short repayment terms and the high interest rate.

It must be established at this stage that existing literature in Ghana suggests that, most small businesses fail in their first year due to lack of support from government and traditional banks (Biekpe, 2004), thus access to external finance may contribute to the expansion and growth of businesses particularly at start-up and post start-up stages of the businesses. Nonetheless, external funding in Ghana, in spite of its potential to enhance business growth, also endowed owner/managers with added burden, which means external source of funding could be helpful as well as detrimental to entrepreneurship, hence, entrepreneurs avoiding complications inherent in external source of funding. The paradoxical role of external finance shown in this study may be understood given that the lack of longer repayment period for the loan (Blanton and Dorman, 1994; UNCTAD, 2001; Abereijo and Fayomi, 2005) has a potential of disabling borrowers to make any costly potential investments in equipment, technology or infrastructure in a bid to facilitate and boost productivity. The lack of long repayment terms is an indication that borrowers are denied the opportunity and any prospects of generating sufficient revenue from costly investments to repay loans (UNCTAD, 2001). Besides, the high interest rate charged on loans is a disincentive to business development and growth, hence, the averse of small business in contracting external finance. This resonates extant literature that higher interest rates lead to a decline in the availability of finance, and is likely to induce small businesses to reduce inventories, incur high operation cost and experience sharp falls in sales which ultimately affect their profit margin (Ehrmann, 2000). The empirical findings, at this stage, reinforce the debates on the contradictions and conflict between access to finance and business growth. There is mixed evidence that directly links access to finance to new and small business growth (Storey and Greene, 2010).

The other critical issue of easy accessibility of funding to SMEs in Ghana, as to whether external funding is easily accessible or there are precluding factors depriving owner/managers easy access to external source of funding, was addressed. The findings showed that there was the perception or reality of insurmountable obstacles (requirements) put in place by the financial service providers to either prevent or place a limitation on owner/managers from sourcing external funding to expand and grow their businesses.

This finding is consistent with existing assumptions about the preventive factors making it difficult for SMEs to gain easy access to finance to boost business growth (Sowa, Baah-Nuakoh, Tutu, and Osei, 2010; Buatsi, 2010).

Although it could be debated that perceptions could possibly lead to attributions of mere conjecture, it is worthwhile to indicate that human, organisational and entrepreneurial behaviours have all, in one way or other been found to come under the influence of the perception actors hold about their worlds (Ajzen, 1991; Buchanan and Huczynski, 2004). Besides, the desire towards entrepreneurship is generally considered to have originated from perceptions (Krueger and Carsrud, 1993). For this reason, entrepreneurial perceptions on the insurmountable obstacle of unfavourable requirements such as collateral and guarantor demanded by the financial service providers before granting loans to the SMEs have deprived the smaller businesses from gaining easy access to external funding to expand and grow their enterprises. The financial institutions required the SMEs to provide collateral or a guarantor to meet the assessment for a bank facility; this requirement was a major challenge for the SMEs to meet given that start-up businesses could rarely provide substantial collateral. Also, given the vulnerability and uncertainty of the future of their businesses, it is rare for a smaller business to come across an affluent person in the community to vouch for them; consequently, there is a lack of funding from the banks (Sowa et al., 1992; Abor and Biekpe, 2006, 2007; Abor and Quartey, 2010). When this happens, SMEs may suddenly find themselves in a situation that threatens their very existence (Bachmann, 2001). Thereby, it was no surprise that owner/managers of small businesses in Ghana had been confronted with growth challenges owing to the fact that financing obstacles translate into slow growth which further cripples them from growing to their optimal size (Ayyagari et al., 2007; Beck et al., 2008).

The findings of this section are significant for acknowledging the role of context in the study of entrepreneurship because in the Ghanaian context, due to the uncertainty and high risk of doing business in a heightened macroeconomic risk and volatility (Freedman, 2001), and the SMEs perceived as high-risk ventures with high rates of failure, and the high cost of lending to small firms (Berger and Udell , 1998) the banks have no confidence in them in the absence of substantial collateral or an affluent guarantor. The analysis also indicate that in the Ghanaian context, lack of long period repayment terms (Abereijo and Fayomi , 2005) and high cost of capital (Buatsi, 2010) scare away owner/managers from accessing external business funding due to the potential risk because investments of this nature is unlikely to bring sufficient returns on investment in the short-limited term to repay a loan. Besides, financing high cost of capital has a direct negative impact on profit margin of small businesses. The author of this thesis would refer to this as 'access to finance could be a good servant and a bad master, too' that is double-edged sword.

To understand the SME entrepreneurial activities, the findings and discussions in the section to follow this, section 5.3 will enhance an understanding of the factors that affect the growth of SMEs in the Ghanaian context.

5.3.1 Level of Education

Small enterprises in Ghana provide interesting avenues to explore the link or relationship between level of education of owner/manager of SMEs and the performance and growth of their businesses. The author of this thesis relates education to acquired knowledge and skills, motivation, ability to solve problem, self-confidence, discipline, resilience and commitment.

Healthy and educated workforce is believed to be of much significance to an organization's competitiveness and productivity, and that a high quality education and training is a pillar of productivity and competitiveness (Radipere and Dhliwayo, 2014). This presupposes that there is a direct significant relationship between the level of education of the entrepreneur or owner/manager and the business performance. This could further suggest that the education level of the owner/manager is one of the success factors in aiding the small business to survive (Takahashi, 2009).

This section therefore seeks to explore the impact of the level of education of Ghanaian entrepreneurs or owner/managers on the performance and growth of their businesses. More precisely, this section seeks to answer the following research question(s): *Does the level of education of entrepreneurs affect the business performance and subsequent growth?*

The reporting and analysis of the findings is centred on the following areas that the level of education is perceived to influence performance and growth of SMEs: Business contacts; Managerial knowhow or competence; Research and Development; and Technical knowhow or competence. The findings emanated from the question: *How would you describe your education background, and how does that help or affect the day-today running and/or management of the business?* Empirical evidence from the study suggests that an overwhelming majority, about seventy (70) out of the whole seventy-five (75) owner/managers in the study, both the highly educated which represents minority of the participants, and the low level educated or non-educated, which represents the majority, did indicate that their level of education does affect the day-to-day running and management of their businesses. This is consistent with previous research (e.g. Van Praag and Versloot, 2007; Fairlie and Robb, 2008) which has found a strong association between the level of education of owner/managers and the success of small businesses.

The section examines how level of education influences performance through managerial competence in relation to level of education; research and development; technical competence as a result of level of education; contacts network; and offers a summary of the sub-section.

5.3.2 Managerial Competency

An investigation was launched into how the levels of education of owner/managers affect their managerial knowhow or competency in their entrepreneurial activities. Comparison was drawn between both the majority with very limited qualification and the highly educated/literate minority. Findings revealed consensus between both groups that their level of education did affect their managerial competency in one way or other. The evidence from this investigation is consistent with the findings of previous studies on managerial competencies in relation to level of education and firm performance (e.g. Nguyen and Ramachandran, 2006; Hormiga et al. 2011).

The study reveals that managerial competencies as measured by level of education positively influenced the performance of some of the businesses, and the lack of it negatively affected performance of others. Education was seen as equipping the owner/manager with knowledge base and problem-solving skills to be able to effectively handle the daily demands of entrepreneurial activities (Hormiga et al., 2011). The owner/managers are the key decision makers of their businesses; therefore, they wield high influence on the formation of business strategy and have the responsibility of setting the roadmap for their enterprises to move in the desired direction and towards the set goals (Masurel et al., 2003). The lack of separation between ownership and control of the small enterprise is an indication that the owner/managers by themselves have the sole task and responsibility for the direction and development of their businesses (Yu, 2001).

Interestingly, the findings of the study reveal that owner/managers with different educational background; both the highly educated and those with less education or almost no education related a link between their level of education and their managerial competency. The manager of a furniture manufacturing firm stated that:

> ‘‘In fact, academic work wasn’t for me, I wasn’t a smart guy in school, therefore, didn’t bother much about school. The furthest I could go was Junior Secondary School, no more than that. Let me say that I slack in managerial skill and competency as a result of that. I’m weak in handling the finances of this business; sometimes I pay my workers more than they deserve and it does affect the performance of the business as very little or no profit is retained for expansion…’’(Owner/manager – 32).

In the above quote, the owner/manager from the majority group recounted that his lack of managerial competency due to his low level of qualification almost no education, reflected in his day-to-day running of the business, particularly the weakness in handling finances of the business. This observation may suggest that managerial competency is lacking amongst the owner/managers with low education background, hence a negative reflection in the performance of their businesses.

On the other hand, the highly educated intimated that their level of education had helped shape their managerial skills, made them competent and propelled them to manage their businesses with the kind of dexterity they expect to produce the desired results. For instance:

> ‘‘… I hold a master’s degree in Finance and Accounting, and preparing to charter in Management Accounting …, I would say I don’t know what I would have done without my background. I’m able to take strategic decisions based on information gathered, I’m able to identify an issue and address it accordingly with the experience I have.

> Besides, my financial background has been very helpful in managing the cash flow of the business with competence to move the business forward'' (Owner/manager – 71).

The above quotes and observations suggest that owner/managers with a low education struggle with managerial competency whilst the highly educated ones are management competent as they may have been exposed to managerial skills in the course of their studies up to first degree level and beyond. Therefore, they are more capable of managing business with competence to enhance their businesses to flourish. This thesis could generalise the findings that since the entrepreneurs with low education outnumber those with high education according to the study, those in the majority are lacking the ability of helping with the development and growth of SMEs in Ghana because of their lack of managerial competencies. The lack of managerial knowhow has become a barrier to the growth of small businesses.

5.3.3 Access to Information

Additionally, the other dimension of level of education that the study found to be affecting development and growth of SMEs, was access to information, in other words, research and development (R&D). The study gathered that the cluster of owner/managers with little or no educational attainment in the majority group, had very little or nothing to do with research to facilitate their innovativeness. This contrasted the cluster of owner/managers with good qualification in the minority. The lack of research and development on the part of those in the majority as a result of their high illiteracy rate, potentially weakens their technological capabilities. This endorses previous studies (e.g. Mairesse and Sassenou 1991; Pack 1992; Tan and Batra 1995) that owner/managers could improve upon their technological capabilities in several ways like R&D initiatives.

The study revealed that, generally, they lacked the motivation and confidence to carry out any research work in their various fields of endeavour to enhance their innovative skills so they could increase productivity and reduce their operation cost. Technological capabilities through R&D benefit SMEs in many ways; enhancing efficiency, cost reduction and possibly broadening both local and global markets reach for owner/managers (Morse et al., 2007). Their slack in research and development or access to information was pointed to one major reason; the high illiteracy rate this cluster of owner/managers of SMEs in Ghana represent. The manager of blocks manufacturing enterprise shared his experience:

> ‘‘Since establishment of this business almost 19 years now, the truth is that I’ve never accessed any information; I don’t access any reading material or use any source to search for information on current industry and business practices. I think it would be more helpful if I could do that, but as I told you before, I don’t have good education; a JSS leaver. I still depend on the same old method of doing things, and use my own creativity sometimes’’ (Owner/manager – 3).

The respondent recounted his lack of access to information to enrich his knowledge in order to improve upon business and industry practices or operations. The business has been going for almost two decades now, and there has never been one single occasion he accessed information either from a book or on the internet to be able to add value to himself, and what they do as a business. Generally, it was observed that owner/managers with little or no education did not embark on any vigorous information search about their products and services, hence, lack of technological competency to make them more innovative, creative and competitive. On the contrary, the highly educated ones in the minority vigorously embarked on research and development exercise. Evidence from the study indicated that they committed and dedicated a lot of time researching about their products and services, with some of them having PCs and laptops with internet for research purposes. Some of them boasted of their robust R&D drive to enhance their creativity, innovativeness and competitiveness. For instance:

> ‘’Given my background as a professional journalist, and a holder of professions in marketing and advertisement, I understand the essence of information search in advancing a course, and I’m the type who’s very much into details. I use different platforms to find information; I use the internet, I use the environment, I consult books and use other media to find solution to any problem confronting the business. We have the desire and the vision to be a major player in the industry, therefore, we’re not leaving any stone unturned to do so’’ (owner/manager – 28).

The quote above emphasized the importance of research and development in doing business, the entrepreneur related his level of qualification attainment as the motivating factor for his keen interest in accessing information from different platforms. The entrepreneurs in minority were found to be engaging in vigorous research to learn more about their products and services to enhance their business performance. Embarking on R&D strategy in their business provided them the opportunity of being innovative to achieve success. This is consistent with previous studies suggesting that innovative firms are both more profitable and grow faster than non-innovators (Geroski and Machin, 1992; Freel, 2000). A business becomes more innovative through vigorous R&D strategy resulting in the ability to be productive and competitive, ultimately leading to increased profits and lower costs. Innovations may include the creation of new products and services; better processes; and new ways of engaging with customers (e.g. Mowery and Rosenberg, 1989; Coccia, 2008) as was the case amongst owner/managers with good educational attainment.

Successful R&D of the educated owner/managers was dependent upon vigorous market and customer research. Their ability to identify potential gaps and opportunities within the existing market or potential new markets, and being able to understand the behaviour and needs of the existing customers, as well as prospective customers helped their businesses to develop new or improved upon relevant and desirable products and services. In other words they benefited from a positive correlation between firms' R&D investment and productivity (Kumbhakar et al. (2012).

This sub-section contributes to understanding the influence of formal educational attainment on the development and growth of SMEs. The level of educational attainment comes with it concomitant dimensions to affect growth (e.g. Fairlie and Robb, 2008; Storey and Greene, 2010; Hormiga et al., 2011).

The empirical findings in this sub-section indicates how the overwhelming majority of entrepreneurs or owner/managers associated the success of doing business with the level of education of the owner/manager. This sub-section contributes to the literature by highlighting that in the Ghanaian context, and given the informal nature of the SMEs sector coupled with uncertainty of doing business, education influences the success of business through strongly-built contacts with people in sensitive and high profile positions; vigorous R&D drive, technological and managerial competency.

The contribution to knowledge is that there is a relationship between the level of educational attainment and SME development and growth. Entrepreneurs with a strong formal educational attainment with all its concomitant positive attributes stand a better chance of running and managing a successful business than those with very little or no formal educational attainment. Owner/managers were identified to be possessing at least one of the following; high contact network, managerial competency, technological competency, and research and development skills, all of which have the potential of enhancing business growth. Since, in the Ghanaian context, the SME sector is saturated with owner/managers with little or no educational attainment who are in the majority, it does make sense to generalize that the development and growth of the sector is hampered and buffeted.

5.3.4 Summary of Findings

This section has presented the empirical findings, analysis and discussions on how the level of educational attainment of owner/managers of SMEs affects the growth and development of their enterprises in Ghana. The findings showed that owner/managers operating SMEs in Ghana have different levels of educational attainment; those with very little or no educational attainment representing the majority group of SMEs, and those with good qualification, the tertiary graduates and beyond, representing the minority group of enterprise operators. Thus two clusters of SME operators, as the study decided to describe or group them.

The findings suggest that there is a positive relationship between growth and development of small businesses and the educational attainment of the entrepreneur or owner/manager. Those in the minority group of SMEs were seen as managing and running successful business as a result of their level of attainment in education. The level of educational attainment gives them an added advantage to be able to access resources such as finance from the financial institutions than those in the minority group (Storey, 2005).

This study has therefore shown that entrepreneurs with little or no qualification attainment lacked qualities and attributes in their day-to-day entrepreneurial activities, and these qualities eluded them as a result of their low or zero education. The findings illustrate that he level of education influences or determines the sectors in which owner/mangers could operate, and that certain sectors of the economy due to their knowledge-based nature are no-go areas for those in the minority group (low education), or highly exclusive to those with good qualification in the minority group (Lindelof and Loften, 2002).

Additionally, the findings illustrate that owner/managers in the majority group and based on which we can generalize, were denied strongly-built contact network as a result of their low level attainment. In the Ghanaian context where there is this maxim or axiom of 'kokofu ball' literally 'to whom you know' based on 'old boy-ism/old girl-ism', meaning who is your classmate, to run and manage a successful business, according to the findings, requires that owner/managers have strong bonds with people in high profile places. The small business owner/managers, both male and female, lacked this vital ingredient of strong contact network with business colleagues, professional acquaintances, classmates, prospective and existing customers, partners, suppliers, contractors and many more. The lack of strong contact network with key people in the external environment denied them access to certain opportunities such as funding and market for their goods and services (Storey 2005; DBIS, 2013).

Again, the majority of SME groups in the study was found to be lacking managerial skills or competency. Unlike those in the minority, this cluster of SMEs was identified as lacking this ingredient in their day-to-day operations. Many studies (for instance, Nguyen and Ramachandran, 2006; Hormiga et al. 2011) have pointed to managerial skills as the most important constraint faced by small business. These are in the form of operational managerial competencies or requirements such as production, sales, and finance, of which the owner/managers were identified as lacking the ability to deal with them. It was evidenced that they could not employ paid expertise to run and manage the difficult areas they could not manage as a result of their struggle to break even most of the time, they were almost running hand-to-mouth type of business. Lack of managerial competence or knowhow resulting in poorly thought out business plans and resource starvation, among others, were found to be some of the main reasons why entrepreneurs in the majority in Ghana were failing or struggling to survive (Hormiga et al., 2011).

Furthermore, intellectual capital which the majority group was lacking, denied them the technological competency and R&D skills. Being knowledgeable and having the right qualification can enhance innovative and competitive ability on the part of the entrepreneur. This is in consistent with previous evidence (e.g. Mairesse and Sassenou 1991; Pack 1992; Tan and Batra 1995; Lee 2001; Yusuf et al. 2003) that technological and R&D competencies are regarded as tools for strengthening the competitiveness and innovativeness of SMEs. The lack of technological and R&D skills or competences elude the SMEs in Ghana the opportunity to improve their production and profitability abilities (Sikka 1999).

The empirical evidence in this section contributes to the literature in three different ways. In the first place, the findings reveal that in the Ghanaian context, the literacy rate of the owner/managers of small business is very low or non-existent. Given the informal nature of the sector as a result of the low literacy rate, growth and development of SMEs is hampered due to their lack of access to strongly-built contact network. Absence of contact network has marginalized owner/managers and denied them the ability to gain access to critical resources such as funding and market opportunities to foster growth, thereby relying on retained-profit and still operating in the local market (Storey 2005; DBIS, 2013).

Secondly, the findings suggest that the growth and development of SME sector is buffeted due to lack of managerial competency on the part of the entrepreneurs as a result of their high illiteracy rate, or lack of formal educational attainment. The sector is flooded with entrepreneurs with very limited knowledge to move their businesses forward to the next level because of their high illiteracy rate, resulting in their lack of managerial competency to grow their businesses (Nguyen and Ramachandran, 2006; Hormiga et al., 2011). Hence this thesis emphasizes on the influence of education on managerial competency in the day-to-day running of their businesses.

In this way, the lack of managerial competency has a negative influence on their business financing; the lack of managerial competency denies them access to external finance to grow the sector because managerial competency is one of the key criteria for banks and financial institution to grant loans, and access to capital is vital to the performance and growth of SMEs (Nguyen and Ramachandran, 2006). The absence of external funding impels SMEs in developing countries particularly Ghana to rely on plough-back profit which is almost non-existent, in funding their operations.

Thirdly, this study draws attention to the fact that the absence of formal educational qualification on the part of the majority SMEs is the presence of lack of technological competency and R&D skills. And where there is presence of lack of technological competency and R&D skills, there is the absence of innovativeness and competitiveness (Geroski and Machin, 1992; Freel, 2000; Kumbhakar et al., 2012). It goes to show that in the context of Ghana, the SMEs are still relying on the old and traditional ways or methods of production, and for that reason, their products and services are bereft of great and slick finishing, besides, they produce at a high cost which results in low productivity.

Interestingly, it is worth noting that the level of education is a determinant for the sector one decides to start a business. The study found that particular sectors were a ‘preserve’ of those with good formal educational attainment and none of those with low or no formal qualification was identified to be operating in those sectors. This is an endorsement of previous findings that limited formal educational qualification can pose as a barrier to entry to specific sectors, most especially in a knowledge-based economy where faster growing businesses are most likely to be concentrated (Lindelof and Lofsten, 2002; Storey and Greene, 2010).

5.4.1 Energy (Electricity) Supply and High Tariffs

This section reports on the findings and analysis of the impact of energy (electricity) supply and the cost (tariff) of energy supply on the business performance of SMEs. The study unveiled that the irregular energy (electricity) supply, described in the local parlance as ‘dumsor dumsor’ coupled with its high tariffs received a reverberation from all participants as a major factor affecting their business performance and ultimate growth. All participants of the study, the entire 75 SMEs owner/managers emphasized that their entrepreneurial activities are adversely affected by the ‘dumsor dumsor’ (irregular or erractic energy supply) in Ghana, as well as high energy tariffs.

The study showed that businesses were affected badly by the acute shortage of, and unstable energy or power supply, impelling businesses to either produce at a lower capacity as a result of absence of power supply, or at an extra cost for businesses that could afford a generator to power their machinery so they could still stay in production. In either case, productivity is affected, which eventually affects profit levels. Evidence pointed to the fact that businesses could go for days without production due to ‘dumsor dumsor’ (absence of power supply) as this could last or stretch over a period of days.

Responses from interviewees on energy issues in relation to business performance and growth, included the quotes below from the manager of a communication & design centre and the manager of a restaurant respectively:

> ‘’There are a lot of issues to deal with when it comes to business in Africa. One of the major problems, apart from uneven resource allocation, is the energy system. Sometimes, there will not be energy supply the whole day, and you can’t do anything than to close up your shop. This is a major blow to our activities, a real challenge’’ (Owner/manager – 1).

> ‘’The ‘dumsor-dumsor’ is slowing everything down…, we resorted to the use of a generator to power our equipment, but we’ve stopped that now; we were incurring additional cost, it was relatively expensive to run. I want to suggest that the situation is terrible, and the way things are going we’re hoping and praying that the government would do something about it. Roughly the least number of times we experience power-off in a day is 5 times, and in worst cases it’s even more, the ‘dumsor-dumsor’ has actually plunged businesses into a state of complete mess’’ (Owner/manager – 20).

Participants from the above quotes shared thoughts of the energy situation in Ghana, and how badly their businesses were affected by the on-going shortage of electricity supply in the country, resulting in low productivity or businesses closing down. Businesses could go for days without energy supply to engage in production, and the use of a generator incurred extra cost for businesses.

These findings have demonstrated that the cost (high energy tariffs) and supply of energy power is a factor affecting the development and growth of small businesses particularly in developing economies such as Ghana. Limited and/or absence of electricity supply in the country and high energy prices is a constraint to the performance and growth of the SME sector.

5.4.2 Summary of Findings

The section also analysed the impact of cost and supply of energy (electricity supply) on the development and growth of SMEs. The study revealed that erratic energy or power supply, described in the local parlance as 'dumsor dumsor' and has become a major national issue, received a chorus from entrepreneurs as a major factor hindering their development and growth. SMEs owner/managers participating in the study observed that their lacklustre performance could partly be attributed to the 'dumsor dumsor' (unstable energy or power supply Ghana is experiencing. Across sectors and industries, entrepreneurs had suffered from the unstable power/energy supply in one way or the other. The findings revealed that businesses were affected badly by the irregular or unstable energy (power) supply coupled with its high tariffs, hence, low productivity as a result of this challenge, or at an extra cost for businesses with the financial muscles to be able to afford a generator in order to stay in production. In either case, productivity is affected, which eventually affects profit levels.

The findings suggest and contribute to knowledge that the growth of small businesses is hampered by interrupted energy supply referred to as 'dumsor-dumsor' cum its high tariffs in Ghana. The 'dumsor-dumsor' (erratic energy supply) in Ghana adversely affected the activities of small businesses; some of them producing under capacity for the lack of funding to access a private generator whilst others are producing at a high cost for their ability to afford a private generator. Across sectors, businesses were found to be badly affected by the 'dumsor-dumsor' canker as businesses could go for a whole day or days without energy (electricity) supply to power their machines and equipment in Ghana, besides, the unrealistic high cost of energy is unbearable. Unfortunately, this key variable as far as the development and growth of SMEs is concerned, has not been given coverage in entrepreneurship research.

5.5.1 Other Factors

This section (5.5) examines the influence of other factors on the performance and growth of SMEs in Ghana. The section seeks to examine a range of other factors and how they affect the performance and growth of small businesses. The specific research question(s) investigated or addressed are as follows: *What are the other factors, and how do they affect and/ or influence the performance and growth of small businesses in Ghana?*

The section is structured as follows in accordance with other significant factors that emerged in the study: Section 5.5.2 evaluates the influence of government policies on the performance and growth of SMEs. Section 5.5.3 considers the influence of adoption and use of internet technology (www) on the growth and development of small businesses. Section 5.5.4 focuses on how sustained inflation (economic factor) affects the development and growth of SMEs Section 5.5.5 looks at the influence of competition on performance and growth of SMEs.

Section 5.5.6 analyses the impact of location on the development and performance of the small businesses and section 5.5.7 offers the summary of the chapter.

5.5.2 Government Policies and/or Regulations

For the purpose of this study owner/managers were asked to discuss the key issues and areas of government policies or regulations that affect the performance of their businesses. The analysis indicated that, practically, all participants of the study observed that government policies or regulations do affect them, consequently posing a challenge to their entrepreneurial activities. The areas enumerated, among other things, include; *income taxes, customs duties, and infrastructure.*

The analysis showed that virtually all the owner/managers participating in the study did indicate that the tax policy of the state does affect their profit margin, ultimately affecting their growth and expansion. The high tax burden is one of the business constraints for SMEs, and a major barrier to growth for both young and old firms.

In Ghana, where SMEs lack easy access to bank and financial loans to fund their businesses, retained or plough-back profit may be a considerable significant source of finance. Small and medium-sized businesses, according to the findings of the study, are burdened with high taxes; small businesses are overburdened with huge taxes at various levels of government. The unfavourable tax incident was found to be more harmful and a constraint to growth as it reduces retained profit which would otherwise, be ploughed back for expansion. The manageress of a Travel & Tour business and the manageress of a Dressmaking & Fashion shop respectively observed that:

> ''… The government's policy on taxation does not help our businesses, too much taxes, it's a suppression. We pay separate taxes to the local government and to the central government (internal revenue) from our scarce profit. I don't understand why they can't review the policy to make it a bit simpler for us. Besides, getting your business registered requires a whole rigmarole, one goes through a whole lot of frustrations and end up going through the back door and bribing your way through'' (Owner/manager – 4).

> ''The tax burden harms our business given that we rarely make much profit from our activities. We pay money to the local authority and then to the central government, it's too much, and this has adverse impact on our profits, hence we struggle to expand. The sad thing is that we can't transfer this to the customer, if you do so, you lose them forever, and they always want to pay the same price, hahahaha, Ghanaian customers for you'' (Owner/manager – 37).

The quotes above emphasized that the tax system in Ghana is very complex in nature; two separate taxes have to be paid; the local government as well as the central government. They indicated that the business can hardly make profit from its activities, therefore, the huge tax burden at both the local and national levels potentially affects their finances given their limited resource and their lack of ability to compete with the larger business community. Besides, concerns were expressed about frustrations in the processes involved in the registration of a business which end up breeding corruption in order to circumvent the frustrations involved in the bureaucracies.

Empirical evidence reveals that, more specifically, complex tax policy potentially provides disincentives for investment through retained profit. Taxes on capital and profits reduce incentives for businesses to engage in the investment of innovation, new equipment, technology and research and development, as a result of reduction in expected levels of return on such investment (CEBR, 2009).

Furthermore, findings showed that government policy of customs duties directly or indirectly affect the activities of small businesses. Evidence from the study revealed that processes involved are very frustrating and the tariffs represent a source of barrier to entrepreneurial activities in Ghana. The participants indicated that this continues to be one of the major problems threatening their existence and survival. Importing firms are confronted with heavy customs duties on their imported raw materials, this, directly or indirectly affect non-importers as well, particularly local producers who rely on imported products for their raw materials.

The findings establish that barriers to growth which are caused by the existing business environment include high customs duties and unfavourable tax regulations. Based on the evidence from the study, in developing economies like Ghana, the general regulatory environment; that is the complicated policy or regulation on trading currencies, high tariffs and low level of law enforcement at the entry points, were evidenced as a barrier to development and growth of small businesses. Entrepreneurs raised concerns about their discontent in relation to policy on tariffs, two managers of Information and Communication Technology businesses respectively shared their experience:

> ‘‘This is a business directly engaging in importation, we import almost all our products from abroad, and let me say that government policy on tariffs is not favourable because the rate on buy to sell is too high as a result of the high import duties. Honestly, with the recent past governments we’ve had in the country, I want to say

their policy on trading currency is not very helpful at all. Let me give you this scenario, most of the businesses in the country engaged in importation buy from the Asian markets, particularly China. If we're trading with these markets, why can't our mode of trade, I mean our trading currency (cedi), convert straight into Chinese currency (Yuan). Instead, we transfer or convert the cedi to the dollar for onward transfer or conversion to China (Yuan Renminbi). As an importing entrepreneur, when you do this conversion alone (from cedi-to-dollar-to- yuan), half of your money is lost because money is deducted at each transfer or conversion stage. Besides, the tariffs keep on rising'' (Owner/manager – 35).

''The import duties are very high and keep going up all the time, it's really a challenge. Besides, the frustrations at the ports are really a hassle; the officials themselves are not friendly. Some of the times they just want to extort money from you, I mean bribery and corruption, you know; before they attend to you, they'll be demanding something from you, quite unfortunate we go through all these in our own country. Besides, the exchange rate of the dollar to cedi is a bother; the dollar dictates the direction we have to go as business people, the higher the dollar rate the higher the cost of doing business in this country; we convert so much cedis for a few dollars, and on top of that, pay so much at the ports for tariffs'' (Owner/manager – 40).

The quotes from 35 and 40 respectively emphasized concerns and resentments about the government policy on tariffs and trading currencies, quite apart from the high import duties, the frustrations, they would have to go through in order to get their goods cleared from the ports. They made observations about the bribery and corruption defining the entry points and indicated that this was a challenge confronting their entrepreneurial activities. Again, government's policy on trading currency was harmful to their very existence. The triangular trading currency policy where the local currency was converted to dollars before re-conversion to the trading partner's currency posed a potential threat to their trading activity in that money is lost at every transfer or conversion stage; this could be interpreted as a disincentive to growth.

Evidence from the study showed high tariffs as a challenge for small businesses since import prices are artificially inflated, resulting in high cost of production. High tariffs cum other covert taxes and charges potentially more than double producers' operations cost. Higher import duties result in higher production cost, and this situation will in the long term bring about reduction in sales as customers are likely to switch at any least attempt to increase prices. Eventually, the businesses suffer because tariffs increase the price of goods and services, and potentially lower demand for goods and services as in (Bollinger, 2002).

This section contributes to knowledge by highlighting that government policies or regulations have a potential of stifling or enhancing entrepreneurial activities of SMEs in Ghana. The section has shown that policies or regulations in the areas of taxes, customs duties, and infrastructure facilities influence the development and growth of SMEs in Ghana.

5.5.3 (i) Internet/web Technology

This section examines the relationship between internet technology and the performance of small businesses, thus how important is the adoption and use of internet technology in relation to performance or development and growth of SMEs.

The Internet, in recent times constitutes the technological basis for network organization as well as the information society, and the adoption and use of the Internet technology is a major academic research area (Porter, 2001; Del Aguila-Obra and Padilla-Meléndez, 2006). The adoption of internet technology has been described as providing SMEs with competitive resources and strategies in order to maintain organization effectiveness through integration between supply chain partners, internal organization functions and the provision of critical information (Bhagwat and Sharma, 2007; Abdullah et al., 2013). This presupposes that the ability to adopt technology would enhance competitiveness and sustainability in the present day dynamic business environment. This is particularly important to SMEs as the use of technology would empower them to be able to compete with their bigger counterparts in the market (Abdullah et al., 2013). Similarly, in the field of technological innovations, the adoption of internet technology can translate into a clear competitive advantage, and analysed studies have agreed that internet technology can be a factor that helps the performance of SMEs (Porter, 1998; Sadowski, Maitland and van Dongen, 2002).

If this is anything to go by, the expectation is that the adoption and use of internet technology (IT) amongst SMEs in Ghana should have a positive impact on their performance and growth. This would justify the claim (e.g. Tidd and Besant, 2009) that successful SMEs are those that adopt and use internet technologies as this is supposed to offer them a market competitive edge; thus SMEs that adopt IT show growth and sustainable performance compared to businesses that do otherwise.

The main purpose of this section is to explore whether SMEs that make more intensive use of the Internet technology are more successful than otherwise. The section examines the Ghanaian SMEs IT experience; adoption and usage rate and the impact on the performance and growth of their businesses. The specific research question(s) investigated are: the internet technology experience of SME owner/managers; and relevance of internet technology to their businesses in terms of information exchange, customer relations, marketing to mention but few.

Empirical evidence from the study shows that an underwhelming minority of the participants; less than ten (10) interviewees out of the whole seventy-five (75) of the owner/managers in the study, had adopted internet technology in their businesses (www – the use of website). This is in consonance with previous study (e.g. MacGregor and Vrazalic, 2005) which has found that regardless of exponential growth of IT within SMEs, the rate of IT adoption by these businesses remains relatively low.

This number was recorded particularly in the SMEs owned and managed by those with good educational attainment representing the minority cluster. None of the SMEs owned and managed by those with very little or no formal educational attainment representing the majority cluster was found to have adopted internet technology.

The section considers whether the adoption of IT enhances information exchange; the adoption of IT and its significance on customer relations; the adoption of IT and its impact on marketing; the adoption of IT and its access to global market; the adoption of IT and how it strengthens competitive advantage; the reason behind lack of interest of non-adopters in adopting IT in their businesses; and the summary of the section.

The overall evidence from the study revealed that the adoption and use of internet technology (www) had no direct influence on the performance of small businesses in Ghana. The underwhelming minority businesses that had adopted the use of internet technology in their businesses and commercial activities did not report on any competitive advantage over the businesses without adoption of internet technology. The findings reported that patronage of internet-based (www – e-commerce) commercial activities, was very low on the part of customers in a developing country like Ghana. Customers, rather, are keen on face-to-face or physical contact with sellers or producers, for instance the manager of a restaurant business had this to say:

> ‘’…. Yeah, we have online order-service where people could place order so we can deliver. Unfortunately, customers have not come to the understanding of this internet selling phenomena…, on the whole, I will say there’s low patronage; people down here are not used to this phenomena. Most of the time we receive phone calls from people placing orders, rather than using our website facility’’ (Owner/manager – 20).

> ‘’…. The website was designed purposely to market our products and services, this aimed at positioning us very well in the industry so we could have advantage over our rivals. Unfortunately the response rate is very low, Ghanaians are not used to internet stuff and all that, and so we’ve rather resorted to the use of stickers to send messages to our target and prospective customers and I can assure you this method is more effective than the website, having the website is only an added cost because it doesn’t serve the expected and desired purpose’’ (Owner/manager – 51).

The quotes above from participants 20 and 51 respectively emphasized that internet-based commercial activities is a new phenomenon which has not been grabbed by the local customers. Both quotes recounted that the adoption and use of web technology has recorded low patronage in Ghana as clients are not accustomed to this model of transacting business. This could possibly be attributed to consumer behaviour of the people and social-cultural standpoint of the society to endorse previous studies (e.g. Griffith and Ryans 1995; Tian 2000; Armstrong and Kotler, 2003; Wu, 2003) that internet marketing is influenced and affected by cultural issues, and that market and consumer behaviour vary from one society or one group to another. In the context of Ghana, the findings contrast the previous evidence (Hill and Beatty, 2011) that the development of the internet has increased the number of online shopping activities. The consumers' purchasing habit is culturally specific; they are greatly influenced by their culture, consumer behaviour is affected by cultural factors.

Evidence from the study disputes that internet technology triggers performance improvements in small businesses and is crucial in developing sustainable competitive advantage, much as it does in large businesses and that the influence is more profound among SMEs and start-ups; web-savvy SMEs using web-technologies grow twice as much as those with a minimal web-presence (Byrd and Turner, 2001; Lai and Li, 2005; Mayinka and Roxburgh, 2011). This is because evidence from the study showed that Ghanaian consumers rarely patronize this web technology service, consequently, businesses using web technology could not have had any competitive advantage over their rivals without it.

5.5.3 (ii) Non-IT Adopters

The alarming number of non-adopters warranted that the researcher probed further into the reason behind reluctance or lack of interest in adopting the web technology in their commercial activities. The low number shows that Ghana as a developing country has yet to fully embrace the internet technology innovation. This accentuates prior evidence (Humphrey et al, 2003; Molla and Licker, 2005; Yu and Tao, 2009; Shemi and Procter, 2013) that SMEs in developing countries such as Ghana, have not fully capitalised on technological innovations to extend their businesses beyond traditional borders.

Due to low computer literacy rate in the context of Ghana, coupled with the local people being accustomed to signboard, print-radio-television advert (traditional model), and the penchant of the local customers for personal or face-to-face interaction with producers and/or sellers, the www-based phenomenon does not provide the small businesses any competitive advantage over their direct and indirect competitors. The quotes illustrated below included findings from the study:

> ‘‘The computer literacy rate in Ghana is very low for people to be visiting a website; mostly people like to do one-on-one business, they’d like to see you, they’d like to see your office, even if they see you on the net, they still would like to see you personally, they’d like to relate with you and start doing business with you personally more than the internet. The Ghanaian mentality is that they prefer to meet you in person because of the fraud stuff and all that, and everyone wants to know you and your office so in case one day they call you and the number doesn’t go through, they know where to find you. So, mostly e-commerce stuff doesn’t work really well in this environment’’ (Owner/manager – 54).

> ‘‘I haven’t started the internet marketing yet, I use the social media instead of web-marketing. The web technology, fine, but I don’t believe much of it because, yeah, I believe that when the people come and you give them the good results, they’ll talk to people to come, they’ll recommend you to others. To be honest with you the people who come, how many people will even sit down to think about website, there’re so many things they’re thinking about, the only thing that will attract them is signboard, website they’ll not go and look at it. I know Ghanaians and I know what they understand, even me if I go on the internet, I’m only going to learn, I’m not going to

look at somebody who's selling his things, it doesn't interest me'' (Owner/manager – 60).

The respondents in the above quotes and across the study emphasized that the local buyers or patronisers are not accustomed to web technology purchases or online buying and selling, they would rather prefer experiencing direct and physical contact with sellers. In the typical Ghanaian culture, face-to-face buying and selling is the common practice and could be described as the culture of the people, which provides them a sense of identity. It implies that in the Ghanaian context just like any other country in the Sub-region, culture places a great deal of emphasis on the history, traditions, and established conventions of the people. It is therefore difficult to relinquish its traditional methods and adopt new ones (Harris and Moran, 1987). By this, the researcher would suggest that web technology does not play any profound influence on the performance and growth of SMEs in Ghana.

5.5.4 Economic Factor - Sustained Inflation

This section reports on the findings and analysis of how economic issues such as inflation affect the entrepreneurial activities particularly the small businesses in Ghana. The analysis of the interviews revealed that, across all sectors and industries, inflation was found to be greatly affecting the performance and growth of businesses.

The findings showed that sustained inflation, with the inflation rate currently at 16.9%, has a damaging and untold consequence on development and growth of small businesses. Uncontrolled inflation has the potential of increasing lower real returns not just on money, but on all other assets too. Virtually all the participants indicated that their entrepreneurial activities are greatly affected by sustained inflation. Owner/managers claimed that sustained inflation affects their operations cost; day in day out prices of items particularly raw materials, are always sky high. And given the sensitive nature of local customers, it was difficult pushing the burden to the final consumer:

> ‘‘…, for some time now particularly the most recent years, talking about the past three years things are very tough in Ghana, very tough, it’s simply bad, very bad, and this one I’m saying it devoid of any political connotation. Especially the government’s prudent management of this country is very abysmal. Look at this, prices of items are always going up, consequently, you hardly can factor this into your planning because you don’t know what to expect the next time you contact your supplier or go to the market to purchase raw materials. You can’t survive in a country like this; unstable prices are affecting our activities compelling us to produce at a higher cost to sell at a cheaper price for fear of losing your customers, and can hardly break even’’ (Owner/manager – 28).

The quote above from a travel and tour operator showed the claim made by entrepreneurs about the government’s lack of adroitness in terms of prudent management to curb inflation which has led to prices of items and/ or raw materials rocketing on daily basis, hence high cost of production incurred by owner/managers of small businesses. The quote revealed that entrepreneurs of small businesses incur so much production cost which affects their profitability, due to high rate of inflation, and this, as the study has shown, was as a result of lack of proper fiscal policies of the government.

Reiterating the high cost of production resulting from sustained inflation, and bringing profit levels down, interviewee 72, the manageress of home economics centre, summed up the frustrations small businesses are going through as a result of the challenge posed by sustained inflation. She emphasized that, prices of items including raw materials are increasing almost every day, thereby affecting their cost of production, and having a negative reflection in their profit levels.

> ‘‘…, hmm, hmm, prices of items, the economy, prices of items is our headache, always going up and they blame the dollar. Today you go to the market its GHc10, tomorrow it’s GHc20, the next day it’s GHc40 and the following day it’s that. We really struggle to be able to cope in the midst of this crisis, our profits are going down because of price increases of raw materials which affect our cost of production, and for fear of losing customers, we’re unable to transfer the extra cost to them by charging any extra’’ (Owner/manager - 72).

These findings have demonstrated that sustained inflation resulting in sky high prices of raw materials affect the development and growth of small businesses, particularly in developing economy like Ghana, where sustained inflation is difficult to suppress. Uncontrolled prices adversely affect cost of production and potentially reduce profit levels because producers (entrepreneurs) are particularly cautious charging customers any extra.

5.5.5 Competition

This section reports on the findings and analysis of the impact of competition on the business performance of SMEs. The study revealed that competition is inimical to the development and growth of SMEs in developing economies particularly Ghana. Competition emerged through the study as a major challenge confronting entrepreneurs of small businesses, and this may be attributed to rapid change in consumer behaviour, taste and demand as income levels rise and choices increase as a result of easy access to available imported products in domestic markets (OECD, 2004). The study revealed that practically all 75 participants emphasized that SMEs faced robust and tough competitive environment particularly from importers or foreign operators owing to the globalization process and new technologies (UNCTAD, 2001). Besides; economic integration opens the door for hostile competition from similar imported products. The findings indicated that trade liberalization (e.g. Abu Bakar et al., 2006) is harmful to the activities of the local businesses in Ghana because they faced competition from cheaper and more innovative imported foreign products or services, and compete for resources and capital.

In Ghana, unregulated competition potentially results in price wars and aggressive rivalry, which has untold consequence or repercussions on future investment, particularly within the SME sector. The manageress of a fashion & design business expressed concerns over competition, particularly the danger posed by direct and indirect foreign activities (importation) to the local market, showed that:

> ‘‘We face an aggressive competition, and permit me to emphasise on these imported products; the Togo-made, the China-made, and many more. We the small businesses struggle to compete against these imported products, seriously, our businesses are going down drastically because we’re losing customers, most of them have developed a taste for the imported products at the expense of our locally manufactured products, it’s a big challenge for us’’ (Owner/manager –15).

The voice above cited hostile competition facing the SME sector, and emphasis was placed on direct or indirect foreign activities or importation of similar products as a major challenge, and this resonated across the study per the empirical evidence. The quote above revealed that local consumers have shown preference for imported products at the expense of locally produced goods and services, in recent years. This actually undermines the entrepreneurial activities of SMEs in the country, as the study found. In addition to the above quote to confirm the evidence from the findings of the study, which cited hostile competition, particularly from direct and indirect import activities, as a major challenge undermining small businesses, the manager of shoes and/or footwear manufacturing business was unequivocal:

> ‘‘…. A lot of competition in the system; both local and outside, but the competition from outside is our biggest challenge. The imports coming in, especially the Chinese products, even though we the local producers produce comparatively quality products, unfortunately, the local consumers still prefer the Chinese and other foreign products because they’re relatively cheaper and affordable, besides, their finishing is better than ours. We are not able to match their finishing, it makes it difficult for us to compete with their products, our sales are affected due to losing customers to these imported foreign products’’ (Owner/manager – 57).

It became evident from the study that small businesses faced competition from two sides; internal competition amongst local producers and external competition from the activities of foreigners or local importers of imported products. Proliferation of local producers coupled with the activities of importers makes available excess supply of goods and services, consequently influencing and undermining prices.

The findings have shown that competition and particularly the external competition through the activities of importers of foreign products and that of direct or indirect foreign investors, (OECD, 2004; Abu Bakar et al., 2006) posed a significant threat to local producers or owner/managers. The findings revealed that local producers were undermined by the activities of foreign engagements through price affordability and slick finishing of the imported product inducing local consumers to desert the locally produced goods and service.

5.5.6 Location

This section of the research reports on the findings and analysis of the influence of location on the business performance of SMEs. Location emerged through the study as a major favourable phenomenon positively influencing the development and growth of SMEs in Ghana. Almost all participants in the study; 73 out of 75 interviewees across sectors and industries, stated emphatically that the location their businesses were sited really influenced the performance of their entrepreneurial activities. This endorses previous results (e.g. Von Hipple, 1994; Hoogstra and Van Dijk, 2004; Audia and Rider, 2005; Greene et al., 2007) that there is an association between where an entrepreneur chooses to site or locate their business and the performance and growth of the business.

Evidence from the study found that internet technology particularly e-commerce or internet shopping, which could defy locations and barriers, was not a popular model of doing business in Ghana. As a result, local businesses were conspicuously found to be sited along major and/ or busy roads and commercial streets. The rationale behind this was that some locations were perceived to be much more populous and productive than others. Besides, businesses would corroborate and collaborate with one another for effective maximisation of resources and raw materials; in this wise, businesses were found to belong to associations and co-operations to enjoy some level of benefits relevant to their businesses (Von Hipple, 1994; Hoogstra and Van Dijk, 2004; Audia and Rider, 2005; Greene et al., 2007).

Owner/managers consciously sited their businesses at visible locations and claimed their present locations were convenient to their loyal customers as well as potential customers. It was uncovered that the location came with certain opportunities such as shared knowledge amongst entrepreneurs; customer drive; proximity to sources of raw materials, among others, to boost performance and enhance subsequent growth.

Emphasizing on the convenience of the location to customers; both loyal and prospective customers, owner/manager 12, the manager of a furniture manufacturing business noted that his current location attracted new customers daily and weekly basis, given that he was strategically located along a busy and international road which was significant for its performance and survival:

> ‘‘I’ve been operating in this current location for approximately fourteen years now, and it’s very convenient to customers. As I indicated to you earlier on, I’m located along a busy and international road, all the passengers in both private and commercial cars plying the road get attracted to our products, which are carefully displayed in our forecourt. We encounter new customers every now and then. It’s important for a start-up to be sited at a busy location; where there’s heavy presence of both human and vehicular traffic flow.’’

The location, per the quote above was an important phenomenon in the performance and survival of the business; the owner/manager observed that a busy and international road draws the attention of passengers of both commercial and private vehicles some of whom were potential buyers. And he further indicated that his strategic location was the reason for their existence, hitherto.

The location in terms of proximity of access to source of raw materials was cited as aiding performance through reduced cost of production. It was revealed that easy access to available raw materials, and siting the business close to the source(s) of raw materials provided a boost to the business; cost of transporting raw materials from the source to the business premises was reduced to the barest minimal. A partnership of three, all of whom were brothers, in a sculpture business shared their thoughts:

> ‘’This is quite a good and convenient location, for approximately sixteen years we’ve been running the business in this present location. Quite apart from being close to the target market where we’re visibly seen and can easily be reached by our loyal customers as well as potential or prospective customers, we’re also close to the sources of our raw materials. As a result, we’re able to save cost in transporting our raw materials from the source, which could be reinvested in the business’’ (25).

Evidence from the study was clear that where (location) an entrepreneur chooses to site their business had a direct association with business growth (Von Hipple, 1994; Hoogstra and Van Dijk, 2004; Audia and Rider, 2005; Greene et al., 2007); convenient or visible locations enhanced business growth while the otherwise hindered growth. Particularly within the Ghanaian context where customers preferred to have personal and physical contact with producers or entrepreneurs, location does have a direct influence on the day-to-day running and growth of the business.

5.5.7 Summary of Findings

This section has reported on the empirical findings, analysis and discussions of the influence of other factors on the development and growth of SMEs in Ghana. The findings showed that there were other factors that either enhanced or hindered the development and growth of small businesses in Ghana. The findings suggest that there is a direct influence of other factors on the performance and growth of small businesses. These other factors included government policies; energy; economic issues; competition and location.

The study revealed that certain government policies directly affected the growth of small businesses; in the case where these policies were unfavourable, they had a negative influence on entrepreneurial activities and the subsequent growth of small businesses. One of the government policies that came to the fore for analysis was policy on tax rate or tax burden. The analysis showed that the unfavourable tax policy of the government; 25% for corporate tax and 25% for income tax, did influence the entrepreneurial activities of small businesses; thus affecting their income levels and profitability. The tax burden was uncovered to be one of the business constraints for SMEs, and a major barrier to growth for both young and old firms. The burden of high tax rate was greatly felt most by SMEs, invariably having a negative impact on their businesses.

Another government policy that evidence from the study revealed to be influencing on the performance and growth of small businesses in Ghana was the policy on customs duties at entry points. The analysis showed that high customs and excise duty and tax regulations hindered growth, as increases in import tariffs potentially added to cost of production. Thus a hindrance to growth caused by the existing business environment including high taxes and high import duties. Given the evidence from the study, in developing countries like Ghana, the lack of simplified and transparent tariff(s) regulations on importation, coupled with low level of law enforcement at the entry points, was revealed as a hindrance to development and growth of small businesses.

The other government policy found not to be harsh and favourable to the activities of small businesses in Ghana was the policy on infrastructure. Empirical evidence unravelled that government's policy on infrastructure was found to be a concern for small businesses in Ghana. Entrepreneurs raised issues of concern at different levels and in different forms, and enumerated among other things, lack of access to land and/or premises acquisition, training facilities, and transparency in business registration process. This possibly led to the lackadaisical attitude on the part of some entrepreneurs towards official registration of their businesses; consequently, are denied infrastructural facilities, and for that matter results in lacklustre performance of the small businesses. The study revealed an overwhelming reverberation of SMEs suggesting that growth of their businesses was affected in one way or the other by the government's policy on infrastructure which was so inert to make the business environment a conducive one to do business.

This section has reported on the empirical findings, analysis and discussions on whether the adoption and usage of web technology or e-commerce (www) by SMEs in Ghana has any positive influence on their entrepreneurial activities, or whether it does have any direct link with growth and development of their enterprises in Ghana. The findings showed that owner/managers operating SMEs in Ghana have different levels of responses or attitude towards the adoption and usage of web technology in their businesses; only an insignificant number has adopted web technology, the overwhelming majority of SMEs have not done so. Interestingly, all the SMEs which have adopted web technology were those with formal educational attainment in the minority cluster group of SMEs.

The findings suggest that there is no direct relationship between the adoption and usage of web technology or e-commerce and the growth and development of small businesses, particularly in the case of Ghana. Those making the insignificant number adopting and using web technology did not seem to be benefiting from competitive advantage resulting in increased market share as a result of their adopted-technology over those businesses without it. Thus, the adoption of web technology could not be recognized as a factor boosting and, or enhancing performance and growth of SMEs, neither was it evidenced as inhibiting or becoming a barrier to growth. This contravenes previous studies that web technology provides a sustainable competitive advantage, and is also a weapon for competitive market to enhance the competitiveness of firms (Byrd and Turner, 2001; Lai and Li, 2005).

The conflicting findings is an indication that in the study of SMEs, one key issue that must be taken into consideration is the issue of context, regardless of the homogeneity of SMEs, it is very important to consider the context as society is so dynamic and context varies from one another; prevailing conditions in one society may not prevail in another society.

This study, based on the evidence available has therefore shown that SMEs adopting web technology did not increase their sales level or extending their market share leading to increased profit, as a result of the adoption and use of web technology. This is because there was evidence of low patronage of the platform by their existing clients as well as prospective customers. Respondents claimed the adoption and usage of the web technology platform failed to achieve the efficacious results for which it was intended. Owner/managers of SMEs in this bracket responded that there was low response rate from customers in this regard, emphasizing that the web technology phenomenon was new to the Ghanaian culture; buyers are not used to internet buying, probably because of the low computer literacy rate in Ghana. The perceived anticipated-concomitant benefits from the adoption and usage of web technology failed to materialize; they have resorted to the traditional method of marketing of which the Ghanaian populace are accustomed to.

In the Ghanaian context, this contradicts previous findings that majority of the SMEs in both developing and developed economies have reported a positive performance, increased sales, customer relations and other perceived benefits (Scupola, 2009; Osmonbekov, 2010; Tan et al., 2010).

Additionally, the findings illustrate that majority of the owner/managers had not adopted the web technology for the purpose of internet marketing or e-commerce. However, they did not fall behind those who adopted it, in terms of sales or market share as the two groups of SMEs both relied on traditional or conventional methods doing business. They cited various reasons for not adopting the web technology in their entrepreneurial activities; among other reasons for not conducting online sales or engaging in internet marketing include; concerns over unbalanced costs and benefits, insufficient customer access to Internet and technology concerns, such as online security. They implied that their products and services did not lend themselves to internet business transactions, hence they did not engage in web technology marketing. This is consistent with previous findings that the lack of presence of web technology or e-commerce in SMEs business is because they consider that Internet e-commerce does not suit their type of business or products and services (e.g. OECD, 2002b).

The study revealed that in the typical Ghanaian society, face-to-face buying and selling is the common practice and could be considered as the culture of the people. Customers prefer to deal with sellers/producers on one-to-one level, therefore, adopting web technology e-commerce was considered by majority of the owner/managers as incompatible with the people because of their ingrained culture which is hard to abandon. They are accustomed to advertisement shown on television, broadcasted from radio stations, flyers, posters newspapers and many more , and for that matter it would therefore be difficult to relinquish its traditional methods and adopt new ones (Harris and Moran, 1987). This culture of face-to-face business transaction actually informed the decision of the majority SME entrepreneurs to shy away from adopting web technology, as according to them, adopting one would not worth it, but add to their already accumulated cost. This is in agreement with previous study that culture is one of the factors presenting challenges to the adoption of web technology by SMEs in Africa of which Ghana is no exception (Mehrtens et al 2001).

The findings reveal that in the presence of low adoption rate of web technology by SMEs, as a result of lack of interest in internet business transaction or online shopping on the part of the local customers, there is the presence of a robust alternative, the social media, which according to the studies, has become part and parcel of the Ghanaian culture as far as buying and selling is concerned. The findings show that the social media platforms, for instance WhatsApp, Facebook and Tonaton, seemed to have taken over web technology. Apart from the advertisement of goods and services on the traditional platforms such as television stations, radio stations, newspapers, which has been the tradition of old very popular between buyers and sellers, the social media platforms have also become integral part of the culture acceptable by both buyers and sellers. The evidence from the study indicates that the average Ghanaian mind-set is to deal with buyers through the traditional methods they are accustomed to, the web culture is foreign to the local buyers, It is therefore difficult to relinquish the traditional methods and adopt new ones (Harris and Moran, 1987).

Given the evidence available, the researcher would suggest that web technology or online shopping does not play any profound influence on the performance and growth of SMEs in a developing economy like Ghana. Consumers searching for maximisation of utility are bound to prefer the most efficient model of business transaction which is the traditional model, online shopping is alien to them. The long-standing preference for offline business transaction has a profound influence on the ability of SMEs to migrate to the online shopping platform. Having served customers through offline models such as radio advertisement, television advertisement, newspapers, signboards, posters and what have you, pose a great challenge to the web technology marketing because of their ability to provide the same level of perceived utility.

Besides, the overriding concern of sellers to satisfy their customers as a way to ensure and enhance customer loyalty, continue to remain the most paramount reason behind the adoption and implementation of strategies in business. Hence, the low computer literacy rate in Ghana, coupled with unavailable internet facility, makes the adoption of online buying and selling unviable option, according to available evidence from the studies.

The findings in this section contribute to knowledge that in a developing economy like Ghana where there is the presence of low computer literacy rate as a result of low personal computer (PC) penetration, in other words, where overwhelming majority of the populace do not have access to PC, internet marketing is arguably hampered and not a viable option for SME development and growth. This is because the penetration of PC is arguably the prime indicator of preparedness for web business given that a direct relationship exists between penetration of PC and e-buying and selling activities (Rabe 2001; Singh et al., 2001). And in cases where PCs are available to the minority of the entire populace, access to an internet service is beyond the reach of most people in developing countries, particularly Ghana. The lack of adequate infrastructure contributes significantly in inhibiting online marketing globally. Access to Internet services continues to remain a serious obstacle to e-commerce (www-business) in many developing economies particularly Ghana (Panagariya 2000). The internet infrastructure is not well developed to permit migration from the traditional model of doing business to an era of electronic technology, and that it will likely take years for the average citizen of a developing economy like Ghana to benefit from online buying and selling (Polster and Trinh 2000).

Arguably, the researcher would suggest that in the context of Ghana, web technology is not a factor directly affecting the performance and growth of SMEs, in contrast to previous studies (e.g. Porter, 1998; Sadowski, Maitland and van Dongen, 2002).

Interestingly, given the socio-cultural factors, sellers rely heavily on the traditional model of doing business which the local customers are accustomed to, such as contacts; referrals; recommendations; advertisements (newspapers, television, radio stations) signboards, posters, flyers and many more for their customer drive in doing and growing their businesses.

Besides, the social media platforms have also become the most recent platforms for customer drive; the study reveals that the local customers are much more conversant and comfortable with the social media platforms than a website. The social media platforms may have their own limitations in terms of the coverage as they may be restricted to only those in their contacts; however, the loyal customers also share information with their contacts; family, friends and loved ones, on behalf of the entrepreneurs.

Again, the section also looked at findings and analysis of how economic issues such as inflation affect the entrepreneurial activities particularly the small businesses in Ghana. The analysis of the interviews brought to the fore that across sectors and/ or industries, inflation which is currently at 16.9%, was found to be a constraint to the development and growth of small businesses. Economic factors such as the government's fiscal and monetary policies, inflation, foreign exchange rates and so on, influenced the demand for goods and services, thus directly affecting the growth of nascent and existing SMEs.

Sustained inflation has a damaging and untold consequence in long-run development and growth of small business and the financial system in general. Uncontrolled inflation has the potential of increasing lower real returns not just on money, but on all other assets too. SME activities were greatly affected by economic factors in the country particularly inflation, which the study revealed is always on the upward surge.

Besides, the section considered findings and analysis of the influence of competition on the business performance of SMEs. The study divulged that competition affected activities of small businesses (SMEs) in developing countries particularly Ghana. Competition emerged through the study as a major challenge crippling the entrepreneurs of small businesses, and this developed as a result of change in consumer behaviour; change in the taste and availability of imported products in domestic markets (OECD, 2004). Evidence from across sectors and industries, indicated that SMEs faced robust competition from fellow industry and sector local operators/producers as well as the activities of importers and foreign operators. SMEs operated in a tough competitive environment owing to the globalization process and new technologies (UNCTAD, 2001).

Further economic integration resulted in increased competition from similar products, the entry of foreign investors as well as the strengthening of domestic large firms to take over traditional, mostly local SME markets in Ghana (OECD, 2004). Empirical evidence suggested that liberalization was very harmful to the activities of the local businesses in Ghana because they faced competition from cheaper and more innovative imported foreign products or services, and competed for resources and capital (Abu Bakar et al., 2006).

The section reported on the findings and analysis of the impact of location on the business performance of SMEs. The study revealed that location did influence the development and growth of SMEs in developing countries particularly Ghana. Location emerged through the study as a favourable phenomenon impacting positively on the development and growth of SMEs in Ghana. It was unravelled that the location businesses were sited did play a major role in their performance and subsequent growth. The study revealed an association between where an entrepreneur chooses to locate their business and the performance and growth of the business (Von Hipple, 1994; Hoogstra and Van Dijk, 2004; Audia and Rider, 2005; Greene et al., 2007).

Owing to the fact that internet technology particularly e-commerce or internet shopping (Section 5.4), which could defy locations and barriers, was not a popular phenomenon amongst local shoppers or customers in Ghana, as a result, local businesses were visibly found to be sited along main roads and commercial streets. The idea behind this was that some locations were perceived to be much more populous and productive than others. In addition, it was expected that businesses would corroborate and collaborate with one another for effective maximisation of resources and raw materials, thus enjoying some level of benefits relevant to their businesses (Von Hipple, 1994; Hoogstra and Van Dijk, 2004; Audia and Rider, 2005; Greene et al., 2007).

The empirical findings in this section contribute to literature as follows: in the first place, the findings indicate that in the Ghanaian context and to a larger extent developing nations, due to the informal nature of entrepreneurial activities, and the internet technology not being a common phenomenon in doing business, location is considered to be positively associated with business growth (Hoogstra and Van Dijk, 2004; Audia and Rider, 2005; Greene et al., 2007). Consequently, small business owners have the penchant for locating their businesses close to the people who matter and hold the relevant experience and knowledge to share (Von Hipple, 1994). Hence this thesis emphasizes on the role of location in the growth of small businesses as a result of low interest in internet technology.

Secondly, this study reveals that government policies on taxation and economic factors such as sustained inflation affect the growth of small businesses. Fiscal and infrastructural policies of the government such as high local (income) taxes and high import tariffs have an adverse effect on development of SMEs. Given their small nature and producing on a small scale, the high taxes they pay at various levels in the course of doing business affect their retained profit which would otherwise be ploughed back for investment. Besides, the inert government policy on infrastructure such as absence or inadequate training and information centres, denies small business entrepreneurs the opportunity to get access to information and training facilities to endow them with creative and innovative skills.

Besides, economic factors such as sustained inflation hamper the growth of small business. Ever increasing prices of goods and services in the country affect the activities of small businesses; leaving them no option other than upping their operations cost due to constant increases in prices of raw materials. Businesses in Ghana experience constant increases in prices of raw materials, making it difficult for them to break even given that they mostly operate on pre-arranged fee(s), meaning that in their transactions with customers, they almost always negotiate the price before they deliver or execute the contract purchasing. They hardly factor inflation into their cost of production when negotiating for their fee or price, and to their utter surprise, the actual price for the raw materials would be more than their expectation, hence affecting their profit.

Last but not the least, these findings unravelled that competition affect the development and growth of small businesses. Ghanaian SMEs and that of developing economies as a whole operate in a competitive environment due to globalization and new technologies (UNCTAD, 2001), which is harmful to the activities of the local producers because of the availability of cheaper and much more innovative imported products (Abu Bakar et al., 2006). The activities of direct or indirect foreign investors and the strengthening of local large firms with the potential of crippling the small businesses, hamper the development and growth of SMEs (OECD, 2004). The heat is always on the small businesses as they struggle to compete with imported products which have a great finishing and are price friendly.

CHAPTER 6: CONCLUSIONS AND RESEARCH IMPLICATIONS

6.1 Introduction

This chapter draws the conclusion by way of giving the summary of the key empirical findings, by revising the research framework and discussing the implications for theory, practice and policy. Growth is crucial for organizations and business entities, most significantly to ensure their survival and perpetuity. Interestingly, the Ghanaian private sector which is characterised by predominantly the small business enterprises, is at an embryonic stage of development and as a result lacks the ability to compete at both local and international levels (World Bank, 1997; IMF, 2012). However, few prior studies on factors affecting the growth of the sector have given attention to finance as a major challenge; access to finance has been identified as the dominant growth constraint of SMEs in Ghana and developing countries as a whole (Cook and Nixon, 2000; Abor and Bikpe, 2006; Abor and Quartey, 2010; Yeboah, 2013). This research addressed this gap by examining the role of other factors in the development and growth of the SMEs in Ghana. To achieve the objective of this study, this thesis sought to address the following five research questions:

1. *What are the sources of start-up capital, and sources of funding for SMEs in Ghana?*

2. *How does the sources of capital and/or funding influence the development and growth of SMEs in Ghana?*

3. *Does the level of education of the entrepreneur have any influence on the performance and growth of SMEs in Ghana?*

4. *To what extent does the erratic energy supply with its high prices enhance the performance and growth of SMEs in general in Ghana?*

5. *Are there any other indispensable factors that influence the development and growth of SMEs in Ghana?*

To address these research questions, both theoretical and empirical studies were conducted. The research framework of the research was underpinned by Storey (1994a) analytical distinction between Pre-start-up Variables (Oakley, 1973; Storey, 1994; 2004; 2005; Blanchflower et al., 2003; Cooney, 2005; Khan et al.,2005; Cassar, 2007), At Start-up Variables (Freeman and Godwin, 1994; Von Hipple, 1994; Bryson et al., 1997; Almus and Nerlinger, 1999; Chittenden and Sloan, 2006; Head and Kirchhoff, 2009) and Post Start-up Variables (Birley and Westhead, 1990; Ansoff, 1991; Huselid, 1995; Hoffman, 1998; Cosh et al., 2000; Delmar and Shane, 2003). The resulting research framework recognised that the development and growth of small businesses is influenced by three sets of variables (Storey, 1994; Storey and Greene; 2010). That growth is influenced by the resources of the entrepreneur before commencement of the start-up stage (Storey, 1994, 2004, 2005; Blanchflower et al., 2003; Cooney, 2005). That growth is affected by business level variables at the commencement stage of the enterprise (Storey, 1994; Freeman and Godwin, 1994; Bryson et al., 1997; Almus and Nerlinger, 1999). And that growth is affected by the strategy of the business at the post start-up level of the business (Mintzberg, 1990; Storey, 2004; Parker et al., 2010; Cosh and Hughes, 2007). Hence, the growth of small medium-sized enterprises is dependent on these three sets of variables (Storey, 1994; 2004; Storey and Greene, 2010).

The empirical study involved the interviewing of 75 owner/managers of SMEs in Ghana. The participants were selected purposefully (Marshall and Rossman, 1999) in a way of ensuring the presence of optimum variation (Saunders et al, 2007), therefore helping to explore and identify the factors that affect the growth of small medium-sized enterprises, across industries and sectors in Ghana. The selected businesses/participants were investigated through observation and semi-structured interviews (Yin, 2009) over a period of three months (October, 2014 - January, 15). For the analysis, the sources of capital at the start-up, and the sources of business funding for post-start-up were investigated. Furthermore, the level of education of owner/managers and its association with development and growth of business was examined. Besides, the effect of internet technology on business for commercial purpose(s) was investigated. Finally, investigation was conducted which identified other factors in relation to the phenomenon under research. The study made use of triangulation of theories, methods and data to enhance validity and reliability (Robson, 1993). Ethical issues were given thoughtful consideration when designing the research.

6.2 Main Findings

In this section the researcher summarises the main findings of the research relative to the five research questions.

Sources of capital at start-up

The first research question sought to investigate the sources of capital for owner/managers of small businesses at start-up. The findings showed that owner/managers of small businesses generally go into start-up with internal source of capital; either personal or family-assisted and this finding confirms the results of Clark (1994); Cassar (2004); Deakins and Freel (2009); Storey and Greene (2010); Burns (2011).

Owner/managers had relied mainly on their personal savings as a source of capital at the commencement of their businesses; this was found to be very crucial at the start-up stage, regardless of the nature of business and the sector or industry. Almost all the participants in the study started their businesses through their personal savings to signify how heavily small businesses are reliant and dependant on their own personal resources at start-up and to confirm that there is a variety of different sources of start-up finance. This finding is in line with the results of Deakins and Freel (2009) and Storey and Greene (2010).

Family and/or friends-assisted finance is an element that was identified to be very significant with respect to internal source of capital. About a quarter of entrepreneurs benefitted from family support in raising the required capital for the commencement of the business. This signifies how crucial the role of family members in enterprise development is (Clark, 1994; Burns, 2011), this could be either way; nuclear or extended family support. This goes to show how significant and pivotal is the internal source of capital to small businesses at the start-up stage.

Generally, the study found that support from family and friends was essential to start-ups due to their (owner/managers) limited access to external source of funding. Assistance apart from personal wealth did help to provide cash boost to help the business to be able to weather the storm and flourish, this finding is consistent with Birley and Westhead (1990).

Sources of funding for established businesses (post start-up funding)

It is has been suggested that easy access to finance helps facilitate the performance and growth of the business whilst otherwise constrains growth (Moreno and Casillas, 2007; Storey and Greene, 2010). In answering the second research question this research shows that entrepreneurs relied on three sources of business funding in financing their businesses, namely; *internal source (ploughed back profit); joint-sponsorship (partnership) and; external* *source (bank loan).* The study shows that in contrast to less than one-fifth of the owner/managers interviewed who used multiple source of funding (accessing external source - bank loan), more than two-thirds of the entire participants (75) indicated that they relied on internal source (plough back profit) as their source of business funding. They were not found to be using multiple source of finance to indicate their aversion for shared-ownership as proposed by Burns (2001) and Mach and Wolken (2006). The study attributes the reliance on internal source of funding to the lack of finance from the banks to the small scale businesses, confirming the results of Sowa et al. (1992); Abor and Biekpe (2006); Abor and Quartey (2010). Besides, the study reveals that other preventive factors such as high interest rates charged by the banks and collateral requirement, in consistent with the results of Schiffer and Weder (2001); Sowa et al. (2010); Buatsi (2010); and repayment terms, which is often too short a period, all of these combined, suppress their interest and confidence and deter them from getting external funding from the banks/financial institutions.

The findings suggest that as a result of the lack of cooperation on the part of the banks and other financial institutions with the small business (Abor and Biekpe, 2006; Abor and Quartey, 2010), and suppressing factors such as shorter repayment terms, high cost of capital and collateral requirement (Buatsi, 2010; Sowa et al., 2010), entrepreneurs are scared away from getting external funding to finance and expand their business. This research therefore suggests that given the high cost of capital coupled with lack of longer repayment terms, and due to the macroeconomic business environment where there is high risk and volatility (UNCTAD, 2001), small owner/mangers in Ghana prefer to plod along with internal source of funding to having their businesses closed down by the bank for failing to pay back loans and interest. It is therefore of no surprise that small businesses in Ghana were not showing interest in the services of the banks and financial institutions as failure to meet payment deadline could result in fatality for entrepreneurs and their businesses.

Level of education (formal qualification attainment)

In addressing the third research question the findings of this study shows a direct relationship or association between the level of education (formal qualification attainment) of the entrepreneur and business growth. The overwhelming majority in the study indicated their level of education does affect the performance of their businesses. As a result, this study shows that education is positively associated with business performance (Takahashi, 2009; Radipere and Dhliwayo, 2014), and that the minority of the entrepreneurs with high level of educational attainment in the study, had an added advantage to be able to access resources such as finance from the financial institutions (Storey, 2005).

The study unravels that the SME sector in Ghana is reeling and suffers stagnation due to the fact that the sector is chocked with an overwhelming majority of entrepreneurs with little or no formal educational attainment. It emerged through the study that the level of formal educational attainment influences business development and growth in three distinct areas; contact network; managerial competence and; technical competence.

The findings illustrate that entrepreneurs in the majority group with less formal educational attainment lacked a vital ingredient of strong contact network, which is of significance in doing business in today's business environment. The lack of strong contact network with key people in the external environment particularly people in very sensitive positions, denied them access to opportunities such as contracts, funding and market for their goods and services (Storey, 2005; DBIS, 2013). Besides, their low level of attainment barred them from operating in certain knowledge-based sectors/industries which are highly exclusive to those in the minority group of those with good educational attainment (Lindelof and Loten, 2002).

The findings also indicate that overwhelming majority of SME entrepreneurs lacked managerial skills or competence as a result of their low level of educational attainment (Nguyen and Ramachandran, 2006; Hormiga et al., 2011). Lack of managerial competency was found to be an important constraint faced by small business entrepreneurs; crippling their managerial and operational competencies such as production, sales and financial adroitness. Lack of managerial competency resulted in poorly thought-out plans, resource starvation, among other things which saw the majority of small businesses in Ghana struggling to develop and grow (Hormiga et al., 2011).

Furthermore, the study shows that the majority of entrepreneurs lacked technological competency and R&D skills as their low level of attainment denied them the innovative and competitive ability to bring about efficiency in their activities. They were not equipped with the right technological and R&D competence to help strengthen their competitiveness and innovativeness (Tan and Batra, 1995; Lee, 2001; Yusuf et al., 2003). It was revealed (Sikka, 1999) that the lack of demonstration of technological and R&D skills eluded the entrepreneurs of small businesses in Ghana the opportunity to improve upon their production and profitability abilities.

Findings from this research therefore demonstrate and contribute to literature that the low literacy rate of entrepreneurs of small business affect their contact network rate; affecting their access to critical resources such as funding, contacts and market opportunities (Storey, 2005; DBIS, 2013). In addition, the findings suggest that development and growth of the SME sector in Ghana is buffeted due to lack of managerial skills of entrepreneurs because of the high level of illiteracy characterising the sector, resulting in their low performance (Nguyen and Ramachandran, 2006; Hormiga et al., 2011). Hence, this thesis emphasizes on the influence of education on managerial competency in day-to-day running of their business. The lack of managerial competency impacts on their ability to access external funding from financial institutions to boost their productive capacity by investing in plants and machinery (Nguyen and Ramachandran, 2006). This study also draws attention to the fact that the lack of formal qualification attainment results in the lack of technological competency and R&D skills; which in both the short and long term, robs owner/managers of innovative and competitive ability to grow their businesses (Geroski and Machin, 1992; Freel, 2000; Kumbhakar et al., 2012). As a result, entrepreneurs of small business in Ghana continue to rely on traditional methods of production; yielding low productivity and lacking a great and slick finishing.

Energy (electricity) Factor

Again, the findings divulge that the development and growth of SMEs is greatly hampered by high energy prices and interrupted energy or electricity supply in Ghana, popularly described in the local parlance as dumsor-dumsor (erratic energy supply – power outage). The poor energy with its associated high tariffs has untold supply and high tariffs have untold consequence on the performance and growth of the SME sector; producers could go for days and record zero productivity for lack of energy supply. Recording zero productivity implies zero sales, zero profit, however, the overheads and other expenses are there to be paid. Small businesses that can afford the cost of a generator in order to stay in production are producing at a high cost because of the additional cost from the use of the generator. Unfortunately, the supply of energy with its high cost has not been given attention or studied in the literature of SME studies. Across sectors and industries, businesses suffer from the ‘dodgy’ energy supply coupled with its high tariffs in the country, which affect productivity and profit levels. This thesis asserts that the dumsor-dumsor, lack of affordable, quality and uninterrupted energy supply with high energy prices endangers the business environment, and poses a threat to the development of the SMEs sector.

Other Factors

Influence of internet technology (e-commerce or internet marketing)

Sub-question four sought to investigate the influence of internet technology (online buying and selling) on the development and growth of SMEs in Ghana. It sought to confirm with SME entrepreneurs in Ghana regarding their experience of the relevance of the use of internet technology or the application of e-commerce on the development and growth of their businesses. The findings indicate that SME entrepreneurs in Ghana have different levels of responses or attitude towards the adoption and usage of internet or web technology in their business.

The findings suggest that there is no direct association between the adoption and usage of web technology or e-commerce and the development of small businesses, particularly in Ghana. Thus, the adoption of web technology could not be identified as either enhancing of stifling the development and growth of SMEs. The owner/managers in the minority group of small business entrepreneurs in the study who had adopted web technology in their business could not confirm that this gave them any leverage or competitive advantage over their rivals who had not adopted it. The findings are in contravention with previous studies (e.g. Byrd and Turner, 2001; Lai and Li, 2005) that web technology provides sustainable advantage; thus enhancing the competitiveness of firms. There was no evidence from the study that adopters of web technology had experienced positive performance and growth through rise in sales and improved customer relations. This is in contrast to previous study that majority of SMEs in both developed and developing economies are recording positive performance and increased in sales as a result of adoption and usage of web technology (Scupola, 2009; Osmonbekov, 2010; Tan et al., 2010).

The finding shows that in the traditional Ghanaian society, face-to-face or one-to-one buying and selling is the common practice, and could be considered as the tradition of the local people; customers have the penchant for having a physical contact with producers or owner/managers than shopping online. They (customers) are accustomed to advertisement shown on television, radio broadcast-advert, flyers, posters, newspapers, signboards and many more, as a result it would be difficult to relinquish the traditional methods of buying and selling, and accept a new technology (Harris, 1987). This long standing tradition presents a challenge to adoption of web technology by SMEs in a developing country like Ghana (Mehrtens et al., 2001). Both the adopters and non-adopters of web technology claimed that the average Ghanaian would hardly visit a business' website to learn about their products and services, with quotes from entrepreneurs claiming they (entrepreneurs) use the internet to search for information but not to visit companies' websites. Evidence reveals that social media platforms such as Whatsapp, Facebook, Tonaton are preferred to web technology. The Ghanaian mind-set is to engage in buying-selling activity through the traditional method, and sees the web culture as foreign or alien to the local buyers (Moran, 1987).

The study also unravelled that inadequate infrastructure provision was identified as an impeding factor to the adoption and usage of web technology. Access to internet services, which is the communication infrastructure, remains a serious obstacle to online business in Ghana and other developing economies (Panagariya, 2000). The infrastructure facility is poorly developed that it would take years for the average citizen of a developing country like Ghana to benefit from online buying and selling (Polster, 2000).

This thesis suggests that in the context of Ghana, as far as the study of factors influencing the development and growth of SMEs is concerned, web technology is not a factor that directly influences the performance and growth of SMEs, in contrast to findings of previous studies such as (Porter, 1988; Sadowski et al., 2002).

Interestingly, given the socio-cultural factors, producers and sellers in Ghana rely heavily on the traditional model of doing business which the local customers are accustomed to; such as contacts, referrals, recommendations, advertisements (Newspapers, television, radio), signboards, posters, flyers and many more for customer drive and ultimate increased market share. Besides, the social media platforms such as ‘‘Tonaton,’’ ‘‘Facebook’’ and Whatsapp’’ have become the most recent platforms in doing business, the study reveals local customers are more comfortable and conversant with these aforementioned platforms and prefer that to web technology or www buying and selling.

Government policy on taxation and infrastructure provision

The findings reveal that certain government policies directly affect the development of small businesses. The findings show that unfavourable government tax policies constrain the performance and growth of SMEs in Ghana. Owner/managers complained about the burden of unrealistic high taxes which has brought untold hardship to small businesses. Businesses in Ghana, per the findings of this study, pay high taxes at various levels of their operations, and this to the small business entrepreneurs, is detrimental to their development and growth given that these small business rely on their profits as a source of business funding (ploughed back profit). In a nut shell, empirical evidence from the study shows that government tax policies which are not favourable to small businesses were found to be invariably having a negative impact on the performance and growth of small businesses. The high taxes (both income and corporate) affect their profit levels, and are a disincentive to growth because it reduces ploughed back profit investment. The study also revealed development and growth of SMEs was affected by inert government policy on infrastructure. Lack of easy access to land and premises acquisition, or the absence of infrastructure provision makes it extremely difficult for start-ups or small businesses to run smoothly devoid of any strangulations.

The other government policy identified as affecting performance and growth is policy on import tariffs; high import and export duties suffered by small businesses potentially add to their cost of operations. Growth was identified as being hindered by uncertainty of existing business environment plagued with high import duties and high tax regulations. Evidence points to the fact that in a developing country like Ghana, complicated income tax and tariff regulations on importation of goods and services, coupled with some level bribery and corruption at the entry points, stifle the development and growth of small businesses.

Government policy on infrastructure was a major concern; among other things lack of access to land or premises acquisition; training facilities; opaque business registration process; utility installation and services. This possibly led to the reluctance on the part of some Ghanaian entrepreneurs officially registering their businesses. It became evident that the bureaucracies involved in the registration process actually discourage owners of small businesses from registering their businesses, and possibly denying them access to certain benefits as far as their activities are concerned. The opaque process created the culture of 'back door' where money goes to wrong hands, and small businesses are pestered by government officials by making unnecessary demands from small business entrepreneurs. The lack of adequate training facilities negates innovative capacity and managerial competency, hence the lacklustre performance of small businesses.

Economic factor (sustained inflation)

Economic factor(s) such as sustained inflation and fluctuations in the exchange rates and so on, influenced entrepreneurial activities and found to be directly impacting on the performance and growth of businesses in Ghana. Sustained inflation results in regular increases in prices of raw materials, which has untold consequence on the activities of SMEs; pushing their operations cost up, and the high cost of production ultimately affect the profit levels of businesses particularly SMEs owing to their size and inadequate capital investment. Besides, the huge impact on their profit levels due to sustained inflation implies that expansion through ploughed back profit is adversely affected.

Competition (competitive business environment)

The study also found that competition, particularly from the activities of direct and indirect foreign operators is a major challenge to the development and growth of small businesses in the home country. Local entrepreneurs of small businesses face stiff competition from importers of similar goods produced by SMEs, and occasioned by change in consumer behaviour (consumer preference for imported goods and services). The study unravelled that due to recent globalization, proliferation of sophisticated technologies and trade liberalization, imported goods and services are made available in other local markets (e.g.

OECD, 2004; UNCTAD, 2001). As a result of trade liberalization, owner/managers of small businesses in Ghana are doing business in a stiff competitive business environment as the market is flooded with similar imported goods. The findings of this thesis reveal that small businesses struggle with the competition from relatively cheaper (in terms of affordability) and more innovative and sophisticated imported products and services. Hostile and unhealthy competition from these imported products suppressed the development and potentials of local businesses.

Location of the business

The findings show a positive relationship between the location and the performance of small businesses in Ghana, this is in line with previous findings (e.g. Hoogstra and Van Dijk, 2004; Audia and Rider, 2005; Greene et al., 2007). The study reveals that the location where a business was located played a major role in its development and growth, for this reason, entrepreneurs of small businesses were conscious of where to site their businesses. Overwhelming majority of small businesses in Ghana were conspicuously found located along major commercial roads and streets, and in or next to business centres. Given that the web technology or e-commerce which could defy locations and barriers is not a popular culture or a common model of buying and selling in Ghana, small businesses prefer to be visibly located to get attracted to potential and prospective customers. In addition, certain locations are more populous and productive, and offer the opportunity for businesses to corroborate and collaborate with one another, for effective maximisation of resources and raw materials, in consistent with previous results (e.g. Von Hipple, 1994; Hoogstra and Van Dijk, 2004; Audia and Rider, 2005; Greene et al., 2007). Ghanaian entrepreneurs are very much particular in deciding on a location to site their businesses given that they rely so much on location for customer drive; they consider location to be an important factor for the survival and perpetuation of their business. Therefore, they prefer to choose visible, populous and developed locations to site their business.

6.3 Extended Research Framework

By reflecting on the findings of this research discussed in section 6.3, it is evident that the initial research framework should be revised. The revised research framework (see fig 2.2 in chapter 2) suggests that in understanding and explaining the growth phenomenon of small businesses, context is of much significance. In analysing why some businesses grow much faster than others; or why businesses come into existence, grow and continue to grow, whilst with other businesses growth is dismal. The development and growth of small businesses is strongly influenced by certain factors which are independent variables with growth as a dependent variable. To grow, largely depends on these factors; the favourable factors facilitate and enhance development and growth of small businesses, while the unfavourable factors suppress and constrain growth. In this study, development and growth of small businesses in Ghana is influenced by sources of finance; lack of easy access to finance hampers the growth of small businesses. Entrepreneurs either lack easy access to external source of finance from the financial institutions to grow their businesses as a result of their inability to meet the harsh collateral requirement; and also purposely avoid accessing external source of finance because of the unfavourable interest rates and repayment terms in line with previous results (e.g. Buatsi, 2010; Sowah et al., 2010). As a result, entrepreneurs rely on internal source of finance to start and fund their businesses.

The development and growth of small businesses is also influenced by the level of education of the entrepreneur. The level of education of entrepreneurs affects the day to day performance and growth of businesses. Low level of education attainment hampers performance as it affects their contact rate; managerial competency; technological competency and easy access to certain resources, in line with previous results (e.g. Storey, 2005; Takahashi, 2009; Radipere and Dhliwayo; 2014). The sector is saturated with entrepreneurs with very limited or zero education attainment, hence, the sector is inert and lacks the vitality to grow.

The web technology (e-commerce) did not play any significant influence in the development and growth of small businesses. It was not identified as a major factor for the local entrepreneurs, the findings reveal that the web technology is not a popular culture for buying and selling in Ghana. The adoption and usage of www did not provide adopters any supremacy of competitive advantage over non-adopters, contrary to previous studies such as (Byrd and Turner, 2001; Lai and Li, 2005; Scupola; 2009). Buyers prefer the traditional model of physical contact and face-to-face interaction with sellers.

The policy of government on taxation and infrastructure influenced the development and growth of small businesses. Small businesses face high tax burden; high taxes and high import duties. This affects cost of production and ultimately reduces their profit margin. The other barrier to growth is economic factor such as sustained inflation. Sustained inflation results in uncontrolled prices of raw materials, with prices always on the upward trend. Cost of operations shoots through the roof, ultimately bringing profit levels down, meaning zero ploughed-back profit.

Development and growth of small business is also affected by energy or electricity supply in Ghana. Lack of good quality energy supply with its concomitant high tariffs hampers the performance and growth of small businesses. The findings reveal that small businesses experience low production and in some cases the affected businesses record zero production.

Small businesses face hostile and aggressive competition from importing firms. The availability of affordable imported products poses a threat to the development and growth of local industries. Local producers or industries compete with imported products from neighbouring West African countries such as Togo and Nigeria; and Asian countries such as China and Dubai flooding the local market; these come with great finishing and are relatively cheaper, therefore make it difficult for local small businesses to compete.

The study suggests that location has a positive relationship with business performance in confirmation with previous findings (e.g. Hoogstra and Van Dijk, 2004; Audia, 2005; Greene et al., 2007). Given that web technology (e-commerce) is not a common phenomenon for buying and selling in a developing country like Ghana, entrepreneurs are careful where to locate their businesses as location greatly influences business growth.

The revised research framework illustrated in figure 2.2 forms the basis of this study as the development and growth of SMEs in Ghana hinges on it. Where the small business sector is actually grappling with development and growth, in such circumstances certain factors invariably influence the activities of the enterprises by either enhancing or hampering their development and growth. Some of the factors enhancing and constraining development and growth, such as finance and level of education, as revealed by this study are consistent with previous findings (e.g. Greene et al., 2007; Scupola, 2009; Sowah et al., 2010; Oludele and Emilie, 2012; Radipere and Dhliwayo, 2014), while others such as energy and government policy are new findings emerging from the study.

6.4.0 Contributions and Implications

This study makes contributions to theory, practice and policy

6.4.1 Theoretical Contributions

In this section the author draws on the empirical findings evidenced in the extended research framework to elaborate the contribution to knowledge. In addition to the constructs identified in the review of existing literatures, these variables have never been discussed. The study, per the empirical evidence, contributes to knowledge that the cost and supply of energy (electricity) greatly affect the development and growth of SMEs in Ghana. The high cost of energy (tariffs) coupled with erratic or irregular supply of energy, which is labelled in the local parlance as 'dumsor-dumsor' has adverse impact on entrepreneurial activities in Ghana. The high cost and irregular supply of energy experienced by SMEs in Ghana push their operations cost up as well as result in total collapse of businesses. Besides, the study contributes to knowledge that hostile competition makes local producers or entrepreneurs vulnerable. Local producers characteristically depend on traditional technology in their operations, hence producing at high cost but without a perfect or great finishing. This exposes them to stiff competition particularly from importation of similar goods and services which come with great finishing and are affordable, consequently, SMEs in Ghana struggle to survive.

Again, the study contributes to knowledge that economic factor such as sustained inflation adversely affects the development and growth of SMEs. Empirical evidence showed that sustained inflation in Ghana makes it extremely difficult for the small business to cope with the high cost of operations as a result of general high price levels of goods and services particularly raw materials. This makes it difficult for the small business to break even and eventually lead to collapse of business. Furthermore, government policy on taxes affects entrepreneurial activities. Empirical evidence from the study showed that high taxes and high import duties adversely affect the development and growth of SMEs, and how businesses are conducted in Ghana. Businesses are affected by the burden of government policy of double tax payment both at the local government and central government levels, and also the high import tariffs in Ghana, this is disincentive to business growth.

The research also contributes to knowledge that lack of easy access to finance by SMEs in Ghana adversely affects their development and growth. Ghanaian SMEs lack easy access to finance as a result of the strict conditions such as high cost of capital, repayment terms (short period of time) and collateral requirement attached to acquisition of loans. Again, the level of education of entrepreneurs also affects the development and growth of SMEs in Ghana. The lack of formal qualification of the overwhelming number of owner/managers affect their managerial competency, technological competency, and research and development (R&D) knowhow resulting in their lack of innovative capabilities. In addition, the study makes contribution to knowledge that location of the business is a factor to its development and growth. Empirical evidence showed that SMEs in Ghana were visibly located near and around busy commercial centres; busy highways and commercial roads as this enhanced their performance in terms of high patronage by customers and reduced cost of production due to proximity to sources of raw materials. As a result of the strong influence of location on the growth of SMEs in Ghana, the study makes contribution to knowledge that in the context of Ghana, empirical evidence did not find any relationship between the adoption and use of web technology (www/e-commerce) and growth of SMEs. Customers or clients preferred the old model of doing business (buying and selling) where they can have face-to-face contact with sellers or producers.

In terms of methodology, this study extends and expands the boundaries of entrepreneurship and, development and growth of SMEs research by investigating the factors affecting the development and growth of firms particularly the informal sector. Albeit both formal and informal economies evolved from the colonial era in Ghana and the Sub-Saharan Africa for that matter in line with previous studies (e.g. Austin, 2005; Owusu-Frimpong and Mmieh, 2007; Jackson et al, 2008), prior studies on the development of entrepreneurship in Ghana (for instance Owusu Frimpong and Mmieh, 2007; Robson and Freel, 2008) disregarded or paid very little attention to the informal sector.

Besides, this study is qualitative-based, and this is the first step in using interpretivist approach based on thorough empirical evidence in investigating and exploring in depth the factors that affect the development and growth of SMEs, the case of Ghana. This is the first interpretivist approach to investigate the factors that impede and enhance the performance and growth of small businesses in Ghana. The current interpretivist study in SMEs development in Ghana (Amoako and Lyon, 2014) focused on exporting SMEs in non-traditional exports.

6.4.2 Practical Implications

In a practical sense, this study has shown that the development and growth of the private or informal sector (entrepreneurship) is affected – either enhanced or constrained by a combination of certain variables which are very likely to be interrelated (Storey, 1994; Coad, 2007; Rosenzweig, 2007; Storey and Greene, 2010). The small business sector in Ghana, which is generally characterised by deficient growth, and consequently stagnated at the embryonic stage of development may benefit from understanding the variables that may be useful in fostering SMEs performance, or variables that are hostile and constrain business performance and growth (e.g. Storey, 1994; Storey and Greene, 2010).

This study further highlights that entrepreneurs of the private or informal sector may suffer from development and growth due to the business environment plagued with certain unfavourable and hostile factors hampering business performance. As a result of the heterogeneity of the SME sector, hostile and benign factors may vary between cultures, markets, sectors and even over time.

They may equally have to come to the understanding that in the context or event of hostile and unfavourable factors, performance and growth of the sector is likely to be constrained and hampered. As much as possible, entrepreneurs may have to proactively pursue strategies to surmount the challenges in the business environment as well as actively adjusting and readjusting to the dynamic business environment. This calls for owner/managers' comprehension of factors affecting business growth, identified in this study.

Business facilitators such as National Board for Small Scale Industries (NBSSI) Ministry of Trade and Industries (MOTI), OECD, NGOs, financial institutions and all other stakeholders working collectively or severally to promote SME development and growth in Ghana may double their efforts to continue to support and promote the prosperity of the informal sector, if they become familiar with constraints crippling growth. This study has shown why it is necessary to show traditional and environmental sensitivity when exploring the factors that affect the development and growth of entrepreneurship. The neglect of cultural and environmental conditions or sensitivity may result in overestimation or underestimation of certain influential factors affecting the performance of the informal sector. Therefore, it may be useful to explore these cultural or traditional and environmental conditions to identify growth factors be it hostile or benign that are not discussed in exiting literatures.

6.4.3 Policy Implications

This thesis, in the first place has revealed that the formal institutional environment most especially the banks and state agencies are reluctant in their support of the development and growth of the private sector (SMEs). As a result, there is the urgent need for government to embark on an appreciable level of policy reformation by way of initiating new policies as well as interfering in existing practices across board particularly in the financial sector, making it flexible and accommodating enough in absorbing SMEs. To a greater degree this will be useful with respect to the development and growth of SMEs, to make the private sector more vibrant in order to assume or earn its rightful place as the engine of economic development.

Besides, strategic issues have not been dealt with in terms of lending and borrowing policies. Lending and borrowing policies are not flexible enough to cater for the needs of the informal sector. For example, unfavourable borrowing and lending requirements such as collateral, high cost of capital and rigid repayment terms suffocate entrepreneurs' desire to contact the banks and other financial institutions for external finance to grow their business. There is therefore a need for government to rethink or intervene in the review and relaxation of lending and borrowing policies of the financial sector; both traditional and rural and community banks to favour SMEs.

Furthermore, the government should embark on a conscious drive to help promote the development and growth of SMEs by way of providing financial assistance, technical resources and logistical support to promote the efficiency of SME entrepreneurs. Other areas of assistance must be geared towards strengthening and resourcing state agencies to be able to be responsive to small businesses by providing meaningful and productive services to registered as well as unregistered entrepreneurs with flexibility. Trade and, or industry association drive could be embarked on, and such associations should be empowered and well-resourced to initiate policies aimed at the interest and welfare of members to help promote development and growth of the informal sector.

The government and its agencies should make a concerted effort at ensuring that local industries are protected from unhealthy and hostile competition from imported similar products. This could be achieved by state agencies holding exhibitions and reinforcing trade fares for local producers in order to showcase their products. Efforts should also be made by the government and state agencies by emphasizing on the drive for the consumption of locally manufactured products and services by raising taxes on imported similar finished products. Again, government and other non-governmental organizations could help empower local manufacturers with technological and innovative capabilities. This could be achieved through a couple of sustained and proactive measures. For example, non-formal education policy must be initiated and implemented, and workforce training facilities expanded to cater for sectors and industries to provide training for entrepreneurs particularly those with limited or zero formal qualification. This will help provide them with knowledge to sharpen their managerial, technological and innovative skill in order to improve upon their finishing so locally manufactured products could match imported ones that come with slick finishing.

Besides, steps must be taken by the government to the energy challenge to ensure improved and sustained energy supply devoid of any interruption in the country to help the industries be in business all year round. In addition, the high tariffs paid for energy in Ghana is a big challenge to local producers, therefore, the government and its appropriate agency should make energy affordable to small business owner/managers in order to ease the pressure on their production cost. It would also be recommended that solar energy campaign should be emphasized and given the impetus, and made available at an affordable price to businesses, and the government must be leading in this campaign or go into partnership with private entities. This would help alleviate or reduce the pressure on the deficient hydro and thermal energy generation mix, being the major source of energy supply in the country, this could possibly guarantee efficiency in productivity all year round.

Again, the government must ensure that there is sanity and discipline in its fiscal policies by making continuous efforts to reduce sustained inflation and bring it to its barest minimum. There should be stability in general prices of goods and services; prolonged controlled-prices is an incentive for business performance as it stabilises cost of operations for businesses. Another thing is that customs duties policy must be reviewed to favour local entrepreneurs who import raw materials and tools and equipment into the country to aid their production. Current domestic tax policy which per the findings of the study is inimical to the activities of small businesses, hence, stifling their growth and expansion must be reviewed to favour local producers and entrepreneurs so they can keep a chunk of their profit for reinvestment. Additionally, it will be recommended that incentive package policy should be initiated and implemented by the government in favour of small businesses.

6.5 Limitations

This study has various limitations. The first and foremost limitation to this study is that the study used Ghana as a case, hence, the study was restricted to the context of Ghana. The study was conducted within the bounds of Ghana without extending it outside the country.

In addition, the other limitation is that the study strictly focused on SMEs in Ghana and relied solely on owner/managers of small businesses as single respondents. Nonetheless, the approach of the study is in consonance with previous study in SMEs development (Amoako and Lyon, 2014). In the context of SMEs activities, the business revolves around the owner/manager who represents as the sole decision maker (Mintzberg, 1984), hence, the decision of the author of this study to use SME owner/managers as the main respondents as they hold detailed information required to address the research questions.

Owing to the dynamic nature of the phenomenon under investigation (business growth), it would have been much more appropriate should this study have been more longitudinal, however, within the time frame available at the disposal of the author of this study, the author conducted in-depth interviews to unravel and examine emergent themes with the businesses over the period of time available for the study to enhance validity.

Besides, the sampling frame of 75 businesses could be criticised since the selection of participants was based on purposive sampling technique. Nonetheless, the purposive sampling technique was applied based on the research questions and the research framework (Marshall & Rossman, 1999). Again, the sampling was fitting given that the author intended to collect the data from SMEs entrepreneurs operating in specific sectors, namely agriculture, services and manufacturing, which were selected to enhance optimum variation and validity of the findings (Saunders et al, 2007). In addition, the structure of the Ghanaian economy is a blend of these three sectors, which are the major contributors to GDP (Robson et al., 2009), hence the justification for their selection.

Another limitation is that, given that the study investigated SMEs entrepreneurs operating in Ghana, it may be difficult to make any generalisations of the outcomes outside this context, and any such attempt to generalise should be made with caution. Nonetheless, meaningful lessons could be drawn from this study and applied by academics and practitioners in other developing nations as a result of the similarities of Ghana and the other Sub-Saharan Africa.

At this stage, the author is persuaded that this study contributes significantly to knowledge as a result of employing and applying rigorous methods in the research as shown in section 6.4.1.

6.6 Suggestions for Future Research

Both the findings and limitations of this study provide opportunities for future study. As a result of the dynamic nature of issues relative to development and growth of businesses, extending this study by way of longitudinal research of similar sample, stretching between two to six years would be ideal to help unearth the complex nature of factors influencing the development and growth of SME in Ghana.

The current study has unravelled the factors influencing the development and growth of SMEs; factors stifling and enhancing performance of small businesses in Ghana.

This research was limited to SMEs operating in Ghana relative to factors influencing the development and growth of their entrepreneurial activities particularly factors constraining performance and growth of their businesses. Even though the results of this study cannot be generalized in other countries in the Sub-Saharan African, nevertheless, it is a good example for other countries to follow.

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Appendix 1: SMEs Managers/Entrepreneurs Interview Guide

Research questions	SMEs Entrepreneurs/Managers Interview Questions
	1. How long has your business been running?

Using probes to reinforce clarity of responses • Would you be kind enough to give specific examples? • Would you like to explain further? • Is there anything else or anything more you would like to add or say? • How did it happen, if you could recall? etc	2. What reputation have you gained over these years that the business has been running? 3. What contribution does your business make to the Ghanaian economy? 4. How do you contribute to solving unemployment problems in Ghana? 5. How does the government benefit from your business activities? 6. How does the community in which you run your business benefit from you? 7. How would you describe your business type, for instance, sole proprietorship/partnership etc.? And how does that affect how the business is run and managed? 8. Which kind of job(s) have you done before or in the past? 9. How have you used this experience from these previous job(s) to enhance your current role? 10. How many years of management or managerial experience have you had prior to setting up/establishing this business? 11. How has this helped you to manage your business? 12. How important or relevant is your managerial experience/know-how to your business? 13. How do you access information on current business practices, for instance, journals, business news etc.? 14. Which type of training or seminars do you attend to update your knowledge of the SME businesses? 15. How often do you attend such trainings or seminars or workshops? 16. How important or relevant is technology such as use of internet/web technology to your business in terms of marketing, customer relations and communication? 17. If so, which is your internet service provider and how effective is their service/network? How cheap/moderate/expensive is their service?

18. What are the sources of your start-up finance/funding?

19. Have you ever accessed external funding such as bank loan, in funding your business?

20. If no, why?

21 If yes, how easy or difficult is it to access funding from these sources or service providers?

22. What is the interest rate (cost of capital) and the repayment terms?

23. How does the cost of finance affect your cash flow?

24. Who do you sell your products to, local/international/individuals/organizations etc?

25. Do you sell your products in bulk or in units?

26. How do you transport your items to the market?

27. Who are your main competitors, local/international?

28. How does that (competition) affect you're the performance of your business?

29. How long have you been operating this business in this current or present location?

30. Is your present location convenient to your main customers? Do you consider relocation in the near future?

31. What opportunities could you identify/explore to expand your business locally or abroad?

32. How do the government's regulations/policies open up opportunities or stifles opportunities for your business?

33. How do you establish business contacts, and do the methods used help your business to flourish?

	34. How do you describe your education back ground/level of education? (i) Primary (ii) Secondary (iii) Tertiary (iv) Other 35. How does this (level of education) help you to run or manage your business? 36. Which of the following age category do you classify yourself (25-35) (36-45) (46-55) (55 +)? 37. Would you say this age category you find yourself has any relevance to the day day-to-day running of your business?

Appendix 2:

Consent Forms

This leaflet is given to all participants of the study, it explains the purpose of the study, and seeks your consent for participation. The title of the study is: Factors Influencing the Growth of SMEs, the Case of Ghana.

Name(s) and affiliation(s) of researcher(s):

This study is conducted by Guy Thompson Agyapong of the Business School of Brunel University, London.

Background

The study explores or investigates entrepreneurial activities and the factors influencing the growth of your business. Can you help us understand some of the factors that in both short and medium term affect the performance of your business? How has the performance of your business been affected in a way contrary to your expectation as far as certain factors are concerned? How effectively and efficiently in your opinion, your business could perform when certain interventions are put in place? The answers to these questions will improve our understanding of the factors that enhance or constrain the development and growth of Ghanaian SMEs.

Purpose of the study: - The purpose of the study is to investigate the factors influencing development and growth of SMEs in Ghana. We believe that Ghanaian entrepreneurs and SMEs can improve entrepreneurial practices through improved interventions and initiatives. Secondly, the Ghanaian SMEs sector is described as ‘‘under-performing’’ and ‘‘under-achieving'' regardless of interventions put in place by both present and past regimes. What, probably may have failed to be acknowledged is the fact that, perhaps the existing practices, interventions and policies fail to meet the needs of businesses. As a result, the study seeks to explore the factors which directly or indirectly affect the development and performance of SMEs in Ghana, ultimately affecting their desired growth.

Procedure of the research: - The first segment will be a 10-minute informal discussion session, which will be followed by the actual interview session. The study will involve a total of 75 SMEs owner/managers in a one-to-one interview each, lasting an approximately 60-minutes; and about half an hour informal observation. The interview session will take the form of questions and answers for you to share your experience and opinions relative to issues affecting the day-to-day running of the business, which either enhance of stifle the growth of your business, and for accuracy, the interview will be tape-recorded, your consent will be sought, however. If you are not comfortable for the interview to be tape-recorded, your responses will be taken in writing.

Key Issues	***Introduction***
• Appreciation • Interviewer's name	*I would like to use this occasion to express my heartfelt appreciation to you for your acceptance to participate in the study by way of sharing with me your experiences as far as your business is concerned. My name is Guy Thompson Agyapong. I determine to talk with you about your opinions, experiences and developments about your business and other SMEs; particularly some of the success factors as well as the handicaps or impediments in the way. Simply put, looking at factors that enhance or constrain the growth or performance of your business.*
• Objective	*The study seeks to propose a research framework on factors enhancing or constraining the performance and growth of your business.*
• Duration • Nature and process	*I would like to ask you a few questions, these are main questions and sub-questions. The interview will last approximately 60 minutes, our discussions or conversations will be tape-recorded, and notes will be taken at the same time. The main idea is that, I cannot possibly write faster enough to take all your responses, meanwhile I do not intend missing anything out from our discussions. The university would be appreciative if you could please speak up so that we do not miss your comments.*
• Confidentiality	*Your responses will be kept as confidential as possible and only be shared with the members of the research team for quality assurance. Any information to be included in our report, including direct quotations will be anonymised, and we guarantee that any quotations used will not reveal you as the respondent.*
• Opportunity to ask questions	*Be advised that your participation is absolutely voluntary, and you are at liberty to refrain from anything sensitive issue you are not comfortable to discuss or talk about. It is within your right to terminate this interview at any point without any explanation why you decide to terminate the interview.*
• consent	*If there is anything further you would like to ask or discuss about what I have explained, please do let us know. Are you willing to participate in the interview? If so, please sign below to demonstrate your consent.* __________ __________ ________ Interviewee Witness Date