# UNIVERSITY OF GHANA

# FACTORS INFLUENCING THE PERFORMANCE OF SMALL SCALE ENTREPRENEURS IN THE GARMENT INDUSTRY OF THE TAMALE METROPOLIS OF GHANA

**BY**

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## DECLARATION

I do hereby declare that this thesis is the result of my own research undertaken under supervision and has not been presented by anyone for any academic award in this or any other university. All references used in the work have been fully acknowledged.

I bear sole responsibility for any shortcomings.

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## CERTIFICATION

I hereby certify that this thesis was supervised in accordance with procedures laid down by the University.

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# DEDICATION

In memory of my late father, Alhaji Sulemana Mahama and To my mother, Hajia Fatimata Sulemana and my lovely wife Sawdatu Saani, and my lovely little duaghter, Iman Puumaya Sulemana.

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| | |
|---|---|
| AGI: | Association of Ghana Industries |
| BAC: | Business Advisory Center |
| BOG: | Bank of Ghana |
| CDD: | Centre for Democratic Development |
| DANIDA: | Danish International Development Agency |
| DCI: | Department of Cottage Industries |
| DFID: | Department for International Development |
| EC: | European Commission |
| EDP: | Entrepreneurial Development Programme |
| ERP: | Economic Recovery Program |
| GDP: | Gross Domestic Product. |
| GEA: | Ghana Employers' Association |
| GEDC: | Ghana Enterprises Development Commission |
| GIPA: | Ghana Investment Promotion Centre Authority |
| GOG: | Government of Ghana |
| GSS: | Ghana Statistical Service. |

IBR: International Business Research

ILO: International Labour Organization

IMF: International Monetary Fund

IRJFE: International Research Journal of Finance and Economics

ITTU: Intermediate Technology Transfer Unit

JHS: Junior High School

MASLOC: Micro Finance and Small Loans Centre.

MOTI: Ministry of Trade and Industry

MSEs: Micro and Small Enterprises

NBSSI: National Board for Small Scale Industries.

SHS: Senior High School

SMEs (a): Small and Medium Scale Enterprises

SMEs (b): Small Scale Entrepreneurs

SPSS: Statistical Package for Social Sciences

UN: United Nations

UNDP: United Nations Development Programme

USAID: United States Agency for International Development

## ABSTRACT

The aim of this study is to find out factors influencing the performance of Small Scale Entrepreneurs (SSEs) operating in the garment industry in the Tamale Metropolis of Northern Ghana. The study is necessary because of the immense contribution of SSEs to the economy of Ghana, in terms of the provision of employment, creation of wealth, and generation of revenue to government for national development. A framework on factors influencing entrepreneurial success has been used to support the study. A total of 84 respondents were randomly sampled for the study, but 83 responses were received. Respondents were asked to respond to questions regarding factors influencing performance of SSEs. Pearson Correlation Matrix was used to establish relationship between variables. The result has proved that there is a positive relationship between some dimensions of Entrepreneur characteristics, (specifically gender and age), a positive relationship between some dimensions of characteristics of enterprise (size and location) and Entrepreneurial performance, and a positive relationship between some dimensions of the external environment (market base and information access). However, other dimensions of characteristics of entrepreneurs, characteristics of enterprise, and the external environment on entrepreneurial performance showed no significant relationship with entrepreneur performance. For policy intervention, I recommend that the Government of Ghana makes available easy and reliable access to information (internet access) for the benefit and development of SSEs.

# CHAPTER ONE

# INTRODUCTION

This chapter deals with the background of the study, the statement of the problem, the research objectives, the research questions, the definition of terms, the theoretical framework, the significance of the study, and the profile of the study area.

## 1.1 BACKGROUND TO THE STUDY

Small and Medium-scale Enterprises (SMEs), are established, and managed by people known as entrepreneurs, according to Abor and Quartey (2010). The term "entrepreneur" is a borrowed word from French according to Mort and Weerawardena (2007), and defines an individual who organizes or operates a business or businesses. According to Mort and Weerawardena (2007), the credit for coining the term "entrepreneur" generally goes to the French economist Jean-Baptiste Say. Mort and Weerawardena (2007), also notes further that, it was however Richard Cantillon who defined entrepreneur first, in his Essay: "Essay on the Nature of Trade in General" in 1734. Schumpeter (1934), says "Entrepreneurs are innovators who use a process of shattering the status quo of the existing products and services, to set up new products, new services. The obvious similarities in these definitions imply that the entrepreneur derives from human ingenuity (Ofori, nd). The activity or practice of the entrepreneur in running the affairs of Small and Medium-scale Enterprises is termed as entrepreneurship (Buame, 2012).

Small and Medium-sized Enterprises (SMEs) play a major role in economic development through employment creation and income generation (Beck & Demirguc-Kunt, 2004, cited in Adjei, 2012). SMEs are sometimes referred to as Micro, Small and Medium Enterprises (MSMEs). They cover nonfarm activities such as manufacturing, mining, commerce and services (Suraj, 2011).

There are different criteria for categorizing SMEs. Commonly used criteria are total number of employees, total investment and sales turnover (Holmes et al. 2003, cited in Suraj, 2011). Small Scale Enterprises (SSEs) have been defined differently by various authorities. A World Bank Report (1976; cited in Kayunula, et al., 2000), is said to have classified firms with fixed assets (excluding land), less than $250.000 as Small Scale Enterprises (SSEs). Leegwater & Shaw (2008) also defines Small Scale Enterprises (SSEs) as firms with less than fifty (50) employees.

According to Abor and Quartey (2010), firms that employ less than ten (10) employees are classified as Small Scale Enterprises (SSEs). The National Board for Small Scale Enterprises (NBSSI) observe that a firm with not more than nine (9) employees, has a plant and machinery (excluding land, building and vehicles not exceeding One thousand Ghana cedis (Gh¢1,000.00) may be termed as Small-Scale Enterprise (Abor & Quartey, 2010). The activities of these Small-Scale Enterprises (SSEs) are very crucial in contributing to employment, economic development and Gross Domestic Product (GDP) of economies world-wide (Abor & Quartey, 2010). According to Kayunula and Quartey (2000), it is estimated that Small and Medium size Enterprises

(SMEs) employ about twenty two (22) per cent of adult population in developing countries. In Ghana in particular, the sector employ about fifteen (15) per cent of labour force, and accounted for five (5) percent of GDP in 1998 (Abor & Quartey, 2010). It is believed that the sector could do better in terms of the above mentioned contribution, if it is able to resolve the challenges, in terms of entrepreneurship or management (Abor & Quartey, 2010). According to Miles (2011), many Small and Medium Enterprises in Africa close down in their first three years of operation despite their huge potentials in the market. The study attributed the failure of over seventy (70) per cent of start-ups to get past their three years of existence to the existence of poor management skills.

According to Yashino (A World Bank Economist), that "though small and medium enterprises have huge potential to fan economic growth, many of them have managerial challenges that constrain their expansion, and often lead to their closing down" (Miles, 2011). A survey conducted in Nairobi and Kumasi also noted that many small businesses were found to replicate each other in a given location, where what begins with a single business entity that performs well, ends up with a cluster of businesses with limited product differentiation leading to the natural elimination of some of them (Miles, 2011). Innovation seems to be an outstanding problem in the African Small Scale Enterprise sector, including Ghana. This can largely be blamed on ignorance as a result of low level literacy in the African sub region (Miles, 2011).

The important role of Small Scale Entrepreneurs (SSEs) world-wide cannot be over-emphasized (Okonga, 2012). This is particularly true of less developed countries including Ghana, which have high rate of unemployment partly due to very limited capital (Hart, 1973). However, these SSEs face challenges that hinder their performance. One of the basic challenges of SSEs is lack of adequate literacy (Rose et al., 2006).

According to Rose et al (2006), the challenges facing Small Scale Entrepreneurs (SSEs) include low level of education, the age of the entrepreneur, experience and lack of adequate capital. Most Small Scale Entrepreneurs who are illiterates have difficulty in performing certain basic functions such as arithmetic or calculation, and are not able to distinguish between their profit and working capital (Siekei et al., 2013).

In view of the above factors, agencies such as EMPRETCH Ghana, the Intermediate Technology Transfer Unit (ITTU) and the National Board for Small Scale Industries (NBSSI) have intervened to find solutions to the problems of small scale entrepreneurs in the Tamale metropolis. Some of the interventions made so far include the organization of workshops to educate Small Scale Entrepreneurs (SSEs) on simple book-keeping of business transactions, customer service, and the provision of credit facilities. Despite the existence of these interventions for over a decade, the problems of Small Scale Entrepreneurs (SSEs) still exist. This research therefore seeks to find out the factors which influence the performance of SSEs in Tamale metropolis of Northern Ghana and what can be done to address these challenges.

## 1.2 STATEMENT OF THE PROBLEM

Due to the relevance of SMEs to the economy of nations, it has received scholarly attention worldwide (Abor & Biekpe, 2006; Bawuah et al., 2006). A careful look at available literature has indicated that several studies have been conducted on the SMEs (See: Storey, 1994; Yussif, 1995; Kauranen, 1996; Wijewardena & Cooray, 1996; cited in Alkali et al. 2012). Storey (1994) focused on the birth, growth, and death of Small firms. Other scholars have studied the management practices of SMEs (Bracker & Pearson, 1986; Baker et al., 1997; Gadenne, 1998; Thompson, 2004; cited in Suraj, 2011).

Ghanaian studies on SMEs exist in extant literature. For example: Bawuah et al. (2006) examined entrepreneurial education. Abor and Biekpe (2006) studied SME finance. Abor and Biekpe (2007) also looked at SME corporate governance, ownership and performance. Mahmoud (2011) investigated market orientation and business performance among SMEs in Ghana. Also, Narteh (2013) recently reported on SME bank selection and patronage behavior in Ghana. Buame (2012) explored entrepreneurial activities within the institutional context of Ghana.

None of the above studies in Ghana directly focused on factors influencing entrepreneurial success of SMEs. However, Alkali et al. (2012) developed a conceptual framework explaining the relationships between entrepreneur characteristics; enterprise characteristics; environment and entrepreneurial success. This study adapts this framework to explore this relationship in the garment industry operating within the Tamale Metropolis of Northern Ghana

## 1.3 RESEARCH OBJECTIVES

The specific objectives of the study are:

- To investigate the influence of the characteristics of entrepreneurs on entrepreneurial performance of SSE entrepreneurs operating in the garment industry within Tamale Metropolis of Ghana.
- To find out the influence of the characteristics of an enterprise on entrepreneurial performance of SSE entrepreneurs in the Tamale Metropolis of Ghana, and,
- To examine the influence of the external environment on entrepreneurial performance of SSE entrepreneurs operating in the garment industry in the Tamale metropolis of Ghana.

## 1.4 RESEARCH QUESTIONS

In finding out the key factors influencing the performance of SSEs operating in the garment industry in Northern Ghana, the following research questions will be investigated:

1. What is the influence of the characteristics of entrepreneurs on the entrepreneurial performance of SSE entrepreneurs operating in the garment industry within Tamale Metropolis of the Northern Region of Ghana?
2. What is the influence of the characteristics of an enterprise on the entrepreneurial performance of SSE entrepreneurs in the garment industry within in the Tamale Metropolis of Ghana?
3. What is the influence of the external environment on entrepreneurial performance of SSE entrepreneurs operating in the garment industry within the Tamale metropolis of the Northern Region of Ghana?

## 1.5 SIGNIFICANCE OF THE STUDY

It is hoped that findings of the study will contribute to knowledge since little or no published research work on the topic has been carried out in the study area, the Tamale Metropolis.

The results of the study will also assist policy makers and implementers in the entrepreneurial field with useful information necessary for prompt action for the benefit of the citizens and the development of the nation.

The study's findings will be of immense value to entrepreneurial and industrial experts in their search for promoting viable Small Scale Enterprises since it will provide them with effective strategies for the formulation of policies that will improve the Small Scale Entrepreneur's performance.

## 1.6 SCOPE OF THE STUDY

Tamale is the capital city of the Northern Region of Ghana. It is located within the Savannah belt, and stretches from the equator to latitude 1 degree to the North, and from longitude 0 degree to 15 degrees to the West. The area shares boundaries with the Savelugu-Nanton District to the North, and with Yapei to the West Gonja District to the South. It also shares boundaries with the Yendi District to the East, and the Nyanpkala in the Tolon-Kumbungu District to the West (Obeng-Odoom, 2010).

According to the Ghana Statistical Services (2010), Tamale is the third largest city in Ghana with a population of 371,000 people, comprising 185,995 males, and 185,356 females, with a growth rate of approximately three point five (3.5) per cent per annum. Many people have migrated to the city from other parts of the region. The size of Tamale is approximately 922 km sq.

In terms of religion, Tamale is a muslim dominated area. According to Obeng-Odoom (2010), Islam accounted for eighty four (84) per cent of the total population of the area, Christianity thirteen point seven (13.7) per cent, Traditional Religion one point six (1.6) per cent and others, zero point seven (0.7) percent.

### 1.7 Organization of Chapters

Chapter one look at introduction, the background to the study, problem statement, objectives, research questions, significance of the study, scope of the study, and organization of the study. Chapter two discusses review of literature. Chapter three discusses the context of the study. Chapter four looks at research methodology. Chapter five looks at data analysis discussion, and chapter six contains summary of findings, conclusion and recommendation.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.0 INTRODUCTION

This chapter reviewed related literature on the Small Scale Enterprises (SSEs). In connection with this, journals, books, scholarly articles and materials related to the topic reviewed. This study therefore reviewed literature on the following: the concept and definitions SSEs, the keys to entrepreneurial success, the performance of Small Scale Entrepreneurs, and challenges of Small Scale Enterprises in contributing to national economies.

## 2.1 DEFINITIONS OF SMALL SCALE ENTERPRISES

There are various definitions of small firms by different scholars (Storey, 1994). Firms differ in their levels of capitalization, sales and employment. Definitions which employ measure of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result.

The first attempt to overcome this definition problem was by the Bolton Committee (1971) when they formulated an “economic” and a “statistical” definition; Under the economic definition, a firm is regarded as small if it meets the following three criteria such as; if it has a relatively small share of the market, if it is managed by the owners or part owners in a personalized way, and finally if it is independent, in a sense of not forming part of a large enterprise (Abor & Quartey, 2010)

The Committee also used a "statistical" definition to be applied in three main areas: namely quantifying the size of the small firm sector and its contribution to Gross Domestic Product (GDP), employment, exports, comparing the extent to which the small firm sector's economic contribution has changed over time, and lastly applying the statistical definition in a cross country comparison of the small firms' economic contribution. Thus, the Bolton Committee employed different definitions of the small firm to different sectors (Storey, 1994; cited in Abor & Quartey, 2010)

A number of weaknesses can be identified with the Bolton Committee's "economic" and `statistical' definitions. Firstly, the economic definition which states that a small business is managed by its owners or part owners in a personalized way, and not through the medium of a formal management structure, is incompatible with its statistical definition of small manufacturing firms which could have up to two hundred employees. As firm size increases, owners no longer make principal decisions but devolve responsibility to a team of managers. For example, it is unlikely for a firm with one hundred employees to be managed in a personalized way, suggesting that the `economic' and `statistical' definitions are incompatible (Weston & Copeland, 1998; cited in Abor & Quartey, 2010)

Another shortcoming of the Bolton Committee's economic definition is that it considers small firms to be operating in a perfectly competitive market. However, the idea of perfect competition may not apply here. According to Wynarczyk et al. (1993) and Storey (1994), many small firms occupy `niches' and provide a highly specialized service or product in a geographically isolated areas, and do not perceive any clear competition. Alternatively, Wynarczyk et al (1993) identified the characteristics of the small firm other than size. They argued that there are three ways of differentiating between small and large firms. The small firm has to deal with: firstly, uncertainty associated with being a price taker, secondly, limited customer and product base; and finally uncertainty associated with greater diversity of objectives as compared with large firms (Wynarczyk, et al 1993; Storey, 1994).

There are three main distinguishing features between large and small firms (Kayanula & Quartey, 2000). The first distinction is the greater external uncertainty of the environment in which the small firm operates and the greater internal consistency of its motivations and actions. The second distinction is that, they have a different role in innovation. Small firms are able to produce something marginally different in terms of product or service. This differs from the standardized product or service provided by large firms, and the third area of distinction between small and large firms is the greater likelihood of evolution and change in the smaller firm. Small firms which become large undergo a number of stage changes (Storey, 1994, cited in Kyanula & Quartey, 2000).

The Bolton Committee's "Statistical Definition" has been criticized on the following grounds: The first one is that no single definition or criteria was used for "smallness", (number of employees, turnover, ownership and assets were used instead). Secondly, three different upper limits of turnover were specified for the different sectors and two different upper limits were identified for number of employees. This makes the definition complex to allow for cross country comparison. The third one has to do with comparing monetary units over time, requires construction of index numbers to take account of price changes. Moreover, currency fluctuations make international comparison more difficult. Finally, the definition considered the small firm sector to be homogeneous. However, firms may grow from small to medium and in some cases to large. This does not mean large firms do not innovate; small firms are able to adapt quicker to customer demands than do large firms.

As a result of the above, the European Commission (EC, 2004) coined the term 'Small and Medium Enterprises' (SMEs). This sector is made up of three components: Those with up to nine (9) employees are termed as "Micro Enterprises, those with ten (10) up to ninety nine (99) are referred to as Small Enterprise, whilst firms with one hundred to four hundred and ninety nine (100-499) are considered as Medium Enterprises". Thus, the SME sector is comprised of enterprises (except agric, hunting, forestry and fishing) which employ less than five hundred (500) workers. In effect, the EC's definitions are based solely on employment rather than a multiplicity of criteria.

Storey (1994) states that the use of one hundred (100) employees as the small firm's upper limit is more appropriate given the increase in productivity over the last two decades. Finally, the EC's definition did not assume the SME group is homogenous. That is, the definition makes a distinction between micro, small, and medium-sized enterprises. However, the EC's definition is too all-embracing for a number of countries. Researchers would have to use definitions for small firms which are more appropriate to their particular `target' group (an operational definition). It must be emphasized that debates on definitions turn out to be sterile unless size is a factor which influences performance. In the view of Storey (1994), the relationship between size and performance matters when assessing the impact of a credit programme on a targeted group.

According to Abor and Quartey (2010), in Ghana, Small Scale Enterprises (SSEs) have been variously defined, but the most commonly used criterion is the number of employees of the enterprise. In applying this definition, confusion often arises in respect of the arbitrariness and cut off points used by the various official sources (Abor & Quartey, 2010). The Ghana Statistical Service (GSS) considers firms with less than ten employees as Small Scale Enterprises (SSE) and their counterparts with more than ten employees as Medium and Large-Sized Enterprises (Abor & Quartey, 2010).

An alternative criteria used in defining small and medium enterprises is the value of fixed assets in the organization (Abor & Quartey, 2010). However, the National Board of Small Scale Industries (NBSSI) in Ghana applies both the `fixed asset and number of employees' criteria (NBSSI, 2009). It defines a Small Scale Enterprise as one with not more than nine workers, has plant and machinery (excluding land, buildings and vehicles) not exceeding ten million Cedis (US$ 9,506.00, using 1994 exchange rate). The Ghana Enterprise Development Commission (GEDC) on the other hand uses a ten million Cedis upper limit definition for plant and machinery (Abor & Quartey, 2010). A point of caution, according to Abor and Quartey (2010), is that the process of valuing fixed assets in its self poses a problem. Secondly, the continuous depreciation in the exchange rate often makes such definitions out-dated (Abor & Quartey, 2010).

Abor and Biekpe (2005), in defining Small Scale Enterprises in Ghana used employment cut off point of thirty employees to indicate Small Scale Enterprise. They later however categorized small scale enterprises into three categories. Firstly, Micro; Enterprises are those employing less than six people; secondly, those employing between six and nine people are considered as 'Very Small Enterprises'; and finally, those employing between ten and twenty-nine people are termed as 'Small Enterprises'.

From the above reviewed literature on the definitions of Small Scale Enterprises (SSEs), it is clear that the term does not lend itself to a single universally accepted definition, but could be in the context of economic, statistical or geographical considerations. It is also clear that the definition of Small Scale Enterprise will be most appropriate if the number of employees is used. It is obvious that enterprises with a few employees are certainly small enterprises in terms of output and market share. This is so especially in less developed countries like Ghana where entrepreneurs do not have the needed capital to purchase machines to engage in production, but essentially have to employ labour in their productive activities. Thus the number of employees in an enterprise can determine to a large extent, its size for classification as micro, small, or medium Enterprise. This study adopts the definition Abor and Biekpe (2005), which uses the number of employees as its working definition.

## 2.2 THE ROLES OF SMALL AND MEDIUM SCALE ENTERPRISES (SMEs)

The dynamic role of Small and Medium Enterprises (SMEs) in developing countries, through which their growth objectives can be achieved, has long been recognized (Pual, 2012). Small-scale enterprises have been a major area of concern to many policy makers, in an attempt to accelerate the rate of growth in low income countries (Daniel & Fisseha, 1992).

Firstly, Small Scale Enterprises are potential sources of employment and income in many developing countries. According to scholars (Daniel & Fisseha, 1992; Pual, 2012), it is estimated that Small Scale Enterprises employ twenty two (22) per cent of the adult population in developing countries. They further perform useful roles in ensuring income stability, growth and employment (Abor & Biekpe, 2005). Small Scale Enterprises are labor intensive, and are more likely to succeed in smaller urban centers and rural areas, where they can contribute to more even distribution of economic activity in a region, and can also help to slow the flow of migration to large cities (Abor

& Biekpe, 2005). Due to their regional dispersion and labor intensity, it is argued that, small scale production units can promote more equitable distribution of income than large firms. They also improve the efficiency of domestic markets and make productive use of scarce resources, thus, facilitating long term economic growth (Gallagher & Robson, 1995).

The role of Small Scale Enterprises in providing employment and generating income for people in the study area is different. According to Pual (2012), the sector employs about fifteen point five (15.5) per cent of the labor force in Ghana, and its output as a percentage of Gross Domestic Product (GDP) accounted for six (6) percent in 1998. Most people, especially those with no formal education and those with low level of education are engaged in various entrepreneurial activities in the private sector, through which they earn their livelihood. Activities such as petty trading, farming, dressmaking and tailoring, as well as auto mechanics and auto electricians are some of the sectors in which people are employed (Parker et al, 1994). They do not only serve as sources of employment but also income (Abor & Biekpe, 2005).

Biggs et al. (2006) however have contended that the job creating impact of small scale enterprises is a statistical flaw. It does not take into account offsetting factors that make the net impact more modest. It is argued that increases in employment in Small Scale Enterprises are not always associated with increases in productivity (Biggs et al, 2006). Nevertheless, the important role performed by these enterprises cannot be overlooked (Biggs et al., 2006). Small firms have advantages over their large-scale competitors

(Schmitz, 1995). They are able to adapt more easily to market changes and new technologies as a result of their flexibilities (Schmitz, 1995). However, narrowing the analysis down to developing countries raises the issue as to whether Small Scale Enterprises have a dynamic economic role or not (Schmitz, 1995). Due to their flexible nature, Small Scale Enterprises are able to withstand adverse economic conditions (Schmitz, 1995 & Schmitz, 1995), have noted that Small Scale Enterprises are more labor intensive than larger firms and therefore, have lower capital costs associated with job creation.

According to Mort et al. (2007), small-scale enterprises in many countries provide the mechanism for promoting indigenous entrepreneurship, enhancing greater opportunities per unit of capital invested and aiding the development of local technology. In a background paper on Small Scale Industries, Arnold and Perez (2001) stated that Small-scale forest-based processing enterprises form a very large part of the overall forest products processing in terms of total employment.

According to Ajayi (2002), small-scale businesses represented about ninety (90) per cent of the industrial sector in terms of the number of enterprises in Nigeria in 2001. They accounted for seventy (70) per cent of national industrial employment, if the threshold is set from ten to fifty employees. Similarly, according to the Nigeria Investment Promotion Commission (2003), they have also contributed significantly to economic development through employment, job creation and sustainable livelihood.

According to Abor & Biekpe (2005 In Ghana, the sector accounts over 80 percent of businesses, employs about fifteen point five of labour force, and accounted for about six percent of Gross Domestic Product (GDP) in 2000. Most people, especially those with no formal education and those with low level of education are engaged in various entrepreneurial activities in the private sector, through which they earn their livelihood. Activities such as petty trading, farming, dressmaking and tailoring, as well as auto mechanics and auto electricians are some of the sectors in which people are employed (Parker et al, 1994). They do not only serve as sources of employment but also income (Abor & Biekpe, 2005).

## 2.3 Challenges of SSEs in Contributing to National Economies

In spite of the major roles, and contributions of the Small Scale Enterprises to the national economy, they still battle with many problems and constraints which affect their development and growth. A study conducted by Echtner and Zhao (2011), shows that inadequate entrepreneurial talent affects the development of small-scale manufacturing and processing industries. While large-scale industries are established with expatriate capital, small-scale industries need to have a domestic entrepreneurial and industrial base (Echtner & Zhao, 2011). Other problems that hinder the advancement of small-scale enterprises are the persistent low level of technology, the shortage of adequate entrepreneurial skills of operators, and the absence of effective management technique (Echtner & Zhao, 2011).

According to Echtner and Zhao (2011), discussion of a change in the level of technology and its impact on the Nigerian industries has focused on large firms (i.e. capital-intensive, high technology sectors). Focus on this change in the small-scale firms is relatively little. Small-scale enterprises tend to concentrate on traditional industries where low entry barriers, low minimum production scales, and relatively large labor force are the potential advantages (Echtner & Zhao, 2011). Adubifa (1990), has however observed that the traditional industries have not been immune to the recent technological revolution taking place in the field. McCormick (1998) noted that African Small Scale Enterprises are found to be unorganized in production activities, have low capital investment on capital goods, and lacks of division of labor in production, making these enterprises to remain weak. It is a clear fact that many micro, small and medium-scale enterprises are dying out due to lack of financial support from the government and other citizens (McCormick, 1998). Mills (1990), cited in Riyanti (2004), observed that the major pre-occupation of all developing countries these days is simply how to improve social, economic and political status of the people. According to Riyanti (2004), Small Scale Enterprising involves the improvement of the living standards of the mass of the low income population and making the process self-sustaining.

In Ghana, Small Scale Enterprises lack collaborative efforts and are rather more individualistic (Whitehead & Stevens, 1985). This is evident in most business names which suggest that they are owned by individuals. This affects Small Scale Enterprises negatively because they lose the benefits that they could derive from their collaboration of efforts such as pooling together financial resources and managerial expertise to enhance growth (Whitehead & Stevens, 1985). Improving the living standard of the people involves the setting of priorities in the mobilization and the use of resources available. In some rural areas, the working and living conditions of women for instance, have not been able to be ameliorated by many recent programmes designed to improve their economic status (Whitehead & Stevens, 1985).

Whitehead and Stevens (1985) have pointed out the detrimental effects on women of technological and socio-economic changes in the process of development. There has not been a total consideration and enough provisions for some rural entrepreneurs in the development process. Many of these entrepreneurs are left out in the provisions of the government toward the advancement of their enterprises (Whitehead & Stevens, 1985).

## 2.4 KEYS FACTORS TO ENTREPRENEURIAL SUCCESS

According to Jovanovic (1982; Staw, 1991; & Zimmerer et al., 1998), there are seven important keys factors to entrepreneur success and they are; age, experience, education, personality trait and innovative behavior, access to capital. Other key factors include; marketing and sales environment, as well as government policy. Rose et al (2006) also reported that skill, education, experience, and financial support are some of the major factors affecting entrepreneurial success in business. Furthermore, Mehralizadeh et al (2006) have also stated that the success of the business depends on the socio-economic factors such as education, skills, and training. However, Minniti and Bygrave (2003) have a different view. They have found out that people with more education are not necessarily more entrepreneurial. Raman (2004; in Abor & Quartey, 2010) in his study in Kerala has found that motivational factors such as initiatives, third party assistance, encouragement by family and friends, skill, experiences and independence leads to the success of the entrepreneurs**.**

### 2.4.1 Age

With regards to age as a key factor to entrepreneurial performance Zimmerrer et al., (1998) points out that most entrepreneurs in the United States start business during their thirties and forties. However, many researchers found that there is no limit of age for their entrepreneurial aspirations. Age variation at the start of business seems to have no direct relation to business success. According to Staw (1991) at the start of any business age is not a decisive factor, but with enough training and preparation, the earlier someone starts business the better.

Staw (1991) also notes that age is related to business success if it includes both chronological age and entrepreneurial age. This means that the older an entrepreneur is, the more experiences he has in business. Age thus implies extensive experience.

In the Opinion of Autio (2005), a resource-based view predicts that chronologically older firms will have considerable more resources than younger firms. This premise is based on the assumption that firms acquire resources over time. Zahra (2003) argue that because older firms are resource-based, they will be able to build a better international base.

Jovanovic (1982) sees a firm's age as a reflection of learning to operate effectively in various markets as a result of having gathered knowledge and experience overtime. Theorists of the incremental stage orientation argue that firms will have to develop skills relating to foreign market (e.g. language), know the culture in these markets, and develop confidence in overseas operation before large volumes of resources are committed. As soon as the firm grows older, it will gather more knowledge of how overseas markets operate. Hymer (1976) has noted that the knowledge firms acquire over time will help them to overcome the "liability of foreignness" and "liability of newness". According to Stinchcombe (1965), these are factors that prevent younger firms from surviving in an international market.

However, a recent Swedish study by Andersson et al. (2004) shows that a firm's age is not a significant factor in determining the level of internationalization. Keng and Jiuan, (1989) found that there is no statistically significant difference between younger and older firms' interest in exporting. They conclude that this finding does not give support to the contention that younger firms are more interested in exporting than older ones.

**2.4.2 Experience**

Staw (1991) asserts that experience is the best predictor of business success especially when the new business is related to earlier business experiences. Entrepreneurs with vast experiences in managing business are more capable of finding ways to open new business compared to employees with different career pathways. The importance of experience for small-scale business success is also underscored by other experts. According to Zimmerer and Scarborough (1998), the prominent reasons behind business failures are managerial and experiential incapability. However, Meng and Liang (1996) disagrees. They found out that thirty (30) per cent of successful entrepreneurs have no work experiences, compared to just three (3) per cent of unsuccessful entrepreneurs. This means that experience is not critically important for business success. Lack of managerial know-how places significant constraints on Small Scale Enterprises (SSEs) development (Liang, 1996). Even though Small Scale Enterprises tend to attract motivated managers, they can hardly compete with larger firms (Liang, 1996).

### 2.4.3 Education

There are other empirical findings that have also found out that entrepreneurs also need training for success rather than just experience (Quaye, 2011). The lack of information to take advantage of existing services results in weak demand for them. In spite of the numerous institutions providing training and advisory services, there is still a skills gap among the Small Scale Enterprises sector as a whole (Quaye, 2011).

According to Quaye (2011), about eighty eight (88) per cent of Malawian SMEs desired training in various skills but as of 1992, less than six (6) per cent have actually received it. Cooper (1985) has also stated that factors like experience, occupational background of the entrepreneurs, family members, skills, knowledge, role models, supports and the economic conditions of entrepreneurs, access to capital, etc. are some of the motives that lead to entrepreneurial success.

In another study by Lussiers and Pfeifer (2001) it was revealed that the entrepreneurs with higher education level and experiences have greater chances of succeeding than the people without education and experiences. Similarly, Rose et al (2006) have also found that skill, education, experience, and financial support are some of the major factors affecting entrepreneurial success in business. In a recent study on entrepreneurial success conducted by The Kauffman foundation in Kansas City, USA, revealed that entrepreneurs improve their chances by learning both from their successes and their failures (Wadhwa, et al., 2009). They also hedge bad luck by surrounding themselves with professional and personal acquaintances that possess critical knowledge and skills (Wadhwa, et al., 2009). The current study also echoed findings from other studies regarding the role of regional and state initiatives to promote entrepreneurship (Abor & Quartey, 2010). Such initiatives, although well intended and politically popular, generally do not have impact on entrepreneurial success rates. The state or regional administrators of such programs often measure their success by the number of aspiring entrepreneurs in their programs (Porayska, et al., 2012).

In contrast, investors who must generate returns on invested capital focus more on the quality of the entrepreneurs they support (Abor & Quartey, 2010). Investors must use due diligence to select potential winners. Public programs to support entrepreneurs normally are not as selective regarding the quality and competence of the entrepreneur to be supported (Abor & Quartey, 2010).

In relation to education as a key to entrepreneurial success, a study conducted by Meng and Liang (1996), involving entrepreneurs in Singapore disclosed that successful entrepreneurs have higher education levels compared to that of unsuccessful entrepreneurs. Seventy percent of successful entrepreneurs are university graduates, while 23% are not.

According to Meng and Liang (1996; Staw, 1991; & Holt, 1992), after entering the entrepreneurial world, those with higher levels of education are more successful because university education provides them with knowledge and modern managerial skills, making them more conscious of the reality of the business world and thus in a position to use their learning capability to manage business. Also, Thapa (2007) in his study in Nepal has found that education has positive effect on entrepreneurial success. Similarly, Lussiers and Pfeifer (2001) in their study found that entrepreneurs with higher education level and experiences have greater chances of succeeding than the people without education and experiences. Likewise, Mehralizadeh et al (2006) have also stated that the success of the business depends on the socio-economic factors such as education, skills, and training. However, Minniti and Bygrave (2003) have a different view. They have found out that people with more education are not necessarily more entrepreneurial. Abor and Quartey (2010) in their study in Kerala have found that motivational factors such as initiatives, third party assistance, encouragement by family and friends, skill, experiences and independence leads to the success of the entrepreneurs**.**

Porayska-Pomsta et al. (2012) argue that "people have always believed that a good education from a prestigious university will guarantee them success in their careers or business ventures. They invest so much on it, and some of them graduate having huge loans to pay afterwards". They are broke even before they start job searching, and worse, they learn that most companies prefer those who have sufficient and relevant experience than those who just got of college (Porayska-Pomsta et al., 2012). A college degree is not an end in itself. It is but one milestone in a lifelong learning process. It does not guarantee success, but it provides a solid foundation where people can build their future (Porayska-Pomsta et al., 2012). Bill Gates, in spite of his phenomenal success behind Microsoft, still admits the partial education he got from Harvard is invaluable and even kid that he is the most successful among Harvard's drop-outs (Porayska-Pomsta et al., 2012). However, what we have failed to see is that Gates has an unquenchable thirst for learning new things, trailblazing on new technologies, and outwitting his business competitors by getting ahead in acquiring or even inventing new knowledge when there is none. This is continuing education (Porayska-Pomsta et al., 2012).

A research conducted by Benzing and Chu (2009), indicated a linkage between higher education and entrepreneurial success. Their findings showed that seventy five (75) percent of successful small business owners have college degrees and seventeen (17) percent have even MBA's. In the view of Dewey (2004), the aim of education is to enable individuals to continue their education and the object and reward of learning is continued capacity for growth.

### 2.4.4 Entrepreneur's Personality Traits for Business Success

The success or failure of an entrepreneur may also be influenced by his innovative behavior and personality traits. There are studies that suggest that innovative behavior will be predicted from entrepreneur traits as formulated by Sukardi (1991). He discussed nine major traits that are characteristic of entrepreneurs: instrumental, flexibility in friendships, hard working, and self-confidence, risk-taking, self-controlled, innovative, and autonomous. Of these nine traits, he found three that were prominent among seventy nine respondent entrepreneurs who graduated from the Akademi Dewantara Entrepreneur Academy. Studies suggest there are many traits matching entrepreneurial traits (Miner, 1996). According to Miner (1996), there are four entrepreneurial personal traits namely personal achiever, super salesperson, real manager, and expert idea generator, which can predict success in any field of business. In the view of Miner (1996), any entrepreneur will succeed if he follows a business pathway congruent with his personality trait.

However, a survey conducted by Urata (2000), where managerial incapability is a factor hampering small-scale business, showed that the aforementioned assumption should be further scrutinized. Further studies are needed to validate this assertion. According to Riyanti (2004), the "Adversity Quotient" is the score on the adversity instrument. It reflects one's capabilities in facing obstacles. He notes that IQ and AQ are not sufficient to predict success, especially in the workplace. One has to possess a determined elasticity toward obstacles. Riyanti (2004), classifies people into three types of mastering the "success mountain", namely quitters, campers, and climbers. Quitters are those who surrender at the first blow as well as those who are reluctant to make use of opportunity. Campers are those who are content with their first success and choose not to go higher for more success. Climbers are those who, despite obstacles, continue to climb the success ladder with hopes of reaching the highest place. They may stop for a while to reconsider strategy and collect energy but they eventually climb higher. Elasticity towards numerous obstacles consists of four components: namely ownership, originality, control, and endurance. Empirical evidence supporting the validity of Riyanti's views appears not to exist. However, if his theory is valid the adversity quotient should be able to predict someone's resilience in the face of obstacles. This characteristic generally describes creative individuals and successful entrepreneurs.

### 2.4.5 Access to Capital

According to Barney (1991), capital resources comprise the assets, capabilities, processes, routines and knowledge possessed by the venture. In the view of Amit & Schoemaker (1993), resources refer to the stock of available factors owned or controlled by the venture. Due to the vast number of definitions of what constitutes a resource, various classifications exist. Chatterjee and Wernerfelt (1991) for example, show a body of work that classifies resources into three categories: physical, intangible and financial. Barney (1991) categorizes resources into three categories namely human capital, physical capital and organizational capital. Still, et al. (1993) also classifies resources as: know-how, financial or physical assets and human capital.

Tseng et al. (2006) on their part note that resources are critical in determining what actions the firm can take. They can play a critical role in moderating the way external stimuli contribute to the decision to initiatives.

Lee and Denslow (2005), in their study have found that lack of capital and experience are some of the major factors affecting entrepreneurial success. According to Islam, et al. (2008), there is insufficient capital outlay for Small Scale Entrepreneurs. There is lack of capital or inadequate capital to buy stock and equipment. Securing of loans from banks and financial institutions takes time and in most cases only exist on paper. Many banks require the satisfaction of much conditionality before loans are granted, and small scale industries find it difficult to secure loans. This problem negatively affects the performance of SSEs. According to Riyanti (2004), lack of financial resources or capital can constrain social entrepreneurship and restrict the ability of social entrepreneurs to create social capital. In order for entrepreneurs to achieve their goals, they must be able to attain a viable amount of financial resources (Rityati, 2004). Similarly, entrepreneurs possess the astonishing propensity for raising financial capital (Abor & Quartey, 2010). Many entrepreneurs find that they must initially invest much of their own funds or their family's funds into the new enterprise (Rityati, 2004). If grantors, lenders, and other venture capitalists recognize the importance and potential social value of the enterprise, then they may be inclined to invest during the start-up, growth, and/or other phases of organizational development. Once the entrepreneur gathers sufficient financial resources the organization can implement its business plan and begin generating social capital (Abor & Quartey, 2010).

In the case of Ghana, finance remains a dominant constraint to Small Scale Enterprises (Abor & Biekkpe, 2005). This stems on the fact that SMEs have limited access to capital markets, locally and internationally, in part because of the perception of higher risk, informational barriers, and the higher costs of intermediation for smaller firms Abor & Biekpe, 2005). As a result, SMEs often cannot obtain long-term finance in the form of debt or equity (Abor & Biekpe, 2005).

According to Abor and Quartey (2010), as banks and other financial institutions have recently sought to broaden their loan portfolio, Small Scale Enterprises have become an increasingly attractive customer group. Traditionally, however, financial institutions in Ghana have been cautious with lending to Small Scale Enterprise groups because of high default rates and risks associated with the sector (Abor & Quartey, 2010). Only few banks have Small Scale Enterprise specific loan products in Ghana, and many of these are donor funded (Abor & Quartey, 2010). Others lenders to micro and small businesses are simply transacted by credit officers from corporate finance departments of the bank who generally apply the same appraisal and lending principles to SMEs (Abor & Quartey, 2010). None of the commercial banks have any specialized training for credit officers in proven SME lending techniques, and most credit officers do not have any prior SME specific experience, thus constraining the accessibility of credit to SSEs in Ghana, which affects their performance negatively (Abor & Quartey, 2010).

### 2.4.6 Marketing and Sales Environment

The marketing and sales of goods and services produced by Small Scale Enterprises in Ghana and other parts of Africa remains a challenge. A research conducted by Kayunula and Quartey (2000) revealed that 24.9% of Malawian proprietors indicated they had marketing constraints, whilst in the case of Aryeetey et al. (1994), 5% of respondents in the Ghanaian indicated they had marketing problems (Aryeetey et al, 1994).

The business environment varied markedly among Small Scale Enterprises in Ghana, reflecting different demand constraints. There were varying levels of uncertainty caused by macroeconomic instability and different levels of government commitment to private sector development. Recent economic policies have led to a decline in the role of the state in productive activity but a renewed private investment has created new opportunities for Small Scale Enterprises (Kayunula and Quartey, 2000).

Inefficient distribution channels in Ghana often dominated by larger firms pose important limitations to market access for Small Scale Enterprises. Previously secluded from international competition, many Small Scale Enterprises are now faced with greater external competition and the need to expand market share (Kayunula & Quartey, 2000).

However, Aryeetey (2001) reported that Tailors in Techiman (Ghana) who used to sew several pairs of trousers in a month went without any orders with the coming into effect of trade liberalization. Limited international marketing experience, poor quality control and product standardization as well as little access to international partners impede expansion into international markets. Aryeetey et al (1994) also reported that only one point seven (1.7) per cent of firms in Ghana export their output to the international market.

### 2.4.7 Government Policy

According to Lin (2010), public policy is designed in developing countries to increase the pool of entrepreneurs and to promote the formation of certain types of business at the micro and small-scale levels which foster technological activities. In the opinion of Anmekwe (2001), governments in most developing countries such as Nigeria were criticized for paying inadequate attention to the need for accelerated economic growth and for not harnessing the abilities of their own citizens for technological innovations and entrepreneurship. Critics concluded that these developing countries depend on exogenous technologies that are inappropriate for their environment. These problems became acute in the 1980's and early 1990's, when Nigeria experienced stagnating industrial output and decreasing crude oil prices while industrialization through the production of indigenous technological development became central topics in the industrial policy debates. The central theme of the policy has been that small industries should spearhead the nation's drive towards economic recovery. According to Mort &

Weerawardena (2007), small-scale industries in many countries provide the mechanism for promoting indigenous entrepreneurship, enhancing greater opportunities per unit of capital invested and aiding the development of local technology.

According to Kayunula & Quartey (2000), Ghana's Economic Recovery Program that began in 1983 is recognized as one of the most successful policy reforms in sub-Saharan Africa. In the opinion of Aryeetey (1994), despite Ghana's relative economic success, international donor officials are becoming dissatisfied with the nation's business sector's response, particularly with the level of private investment to changes in the economic environment. According to Brinkerhoff & Brinkerhoff (2004), The United States Agency for International Development (USAID), and other international donor agencies have cited the benefits of fostering more meaningful roles for micro-enterprises in a sustainable market-oriented economic growth. Based on the dynamic growth experience in a number of Southeast Asian countries, Chhibber and Leecher (1993; cited in Kayunula & Quartey, 2000), recommended that Ghana embarks on a more aggressive export program, which will include, both traditional, and non-traditional exports.

To promote sustainable, equitable and widespread private sector-led growth throughout Ghana as well as to become a middle-income country by 2015, the Government of Ghana declared to create a "Golden Age of Business". To achieve this long-term vision, a new Ministry for Private Sector Development was established and tasked to develop the Medium-Term Private Sector Development Strategy 2004-2008 (GoG, 2004), and to coordinate its implementation process. A team of international and Ghanaian consultants was hired through an international competitive tender to support policy formulation. These consultants liaised in a participatory process with the key line ministries, departments and agencies as well as with representatives of the private sector and the development partners. Based on these interviews, the policy document and a corresponding action plan were developed (Mensah, 2004).

To monitor and evaluate the progress towards the "Golden Age of Business", a high-level public private Oversight Committee – comprising of the Chief Directors of the key line ministries as well as selected representatives of the private sector and chaired by an eminent entrepreneur was established (Afriyie & Seibel, 2002). In a bid to streamline donor support to private sector development and to reduce its transaction costs, thirteen (13) development Partners and the Government of Ghana signed a memorandum of Understanding in May 2005, which defines the cooperation procedures with respect to steering, monitoring and financing the implementation strategy. So far, World Bank, DANIDA and DFID have signed up to pool.. The private sector itself is not well organized enough to put the government under real pressure, the channels through which business can influence government are limited (Gyimah-Boadi, 2009).

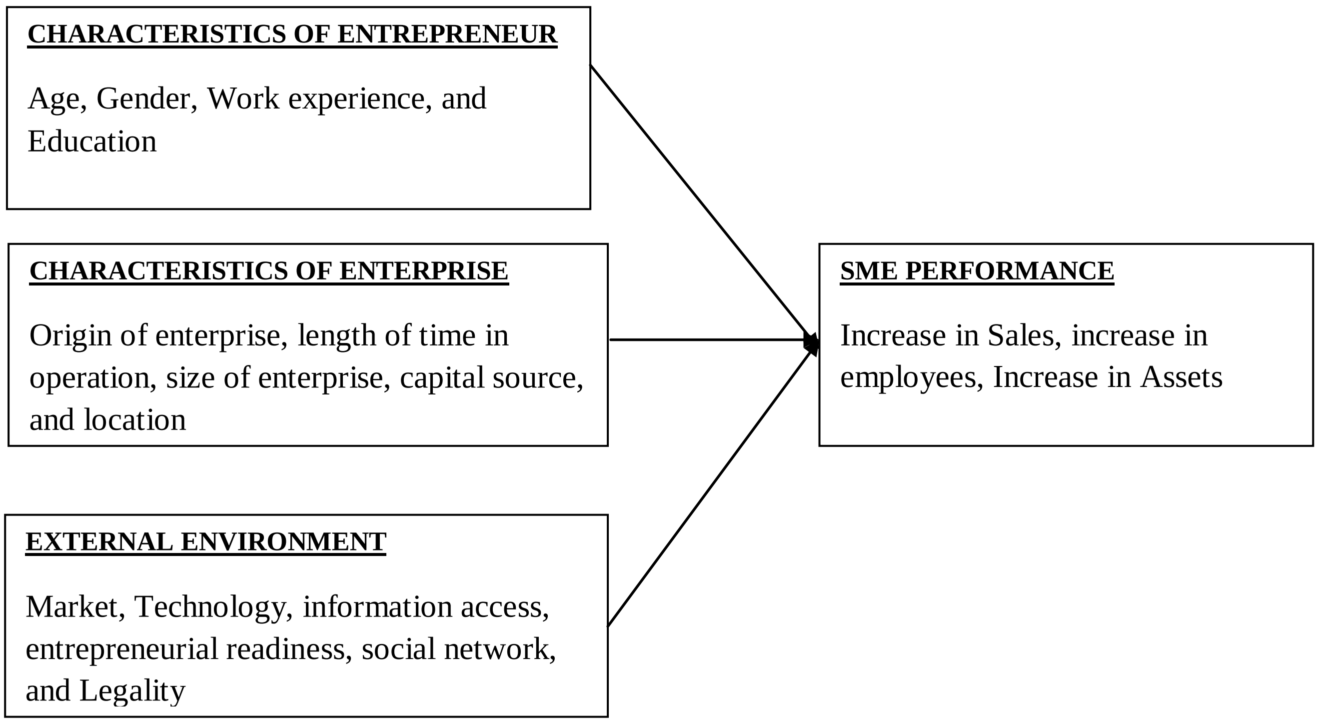
## 2.5 THEORETICAL FRAMEWORK

The theoretical framework adapted for this study is Storey's theory on the key important components in analyzing the performance of entrepreneurs. Storey (1994) cited in Alkali et al. (2012) identified the key component of analyzing the performance of SMEs such as; characteristics of the entrepreneur; the characteristics of enterprise; and the external environment. Characteristics of entrepreneur include; age, gender, work experience and education. Characteristics of enterprise include; origin of enterprise, length of time in operation, size of the enterprise, source of capital and location. Lastly the external environmental include factors such as; marketing, technology, information access, entrepreneurial readiness, social network, legality, capital access, government support, and business plan (Alkali et al. 2012).

## 2.6 Conceptual Framework, Variable Description and Hypotheses

Many frameworks (theoretical and conceptual) have been employed for various studies in the literature. We adopted and modified (Figure 1) framework proposed by Storey (1994) to analyze entrepreneurial performance. The model (Figure 1) identified characteristics of an entrepreneur as an independent variable; with age, gender, experience and education as the categorical variables, nature of an enterprise as an independent variable; with origin, time in operation, size, source of capital and location as the categorical variables, external influence as an independent variable; with marketing, technology, information access, social network, and legality as the categorical variables, and entrepreneurial performance as the dependent variable; with increase sales, increase employees and increase assets as the categorical variables (Storey, 1994; Alkali, et al. 2012

**FUGURE2.1: Conceptual Framework of the Study**




Source: Adapted from Alkali, Isa, and Baba, (2012)

### 2.6.1Characteristics of Entrepreneur

The characteristics of an entrepreneur is made up of the, age, gender, work experience, and education (Islam et al. 2008).

Staw (1991), notes that age is related to business success, if it includes both chronological age, and entrepreneurial age. This means that the older an entrepreneur is, the more experiences he has in business. Age thus implies extensive experience (Staw, 1991).

In the Opinion of Autio (2005), a resource-based view predicts that chronologically older firms will have considerable more resources than younger firms. This premise is based on the assumption that firms acquire resources over time.

Zahra (2003) argue that because older firms are resource-based, they will be able to build a better international base. The issue of age may or may not have an influence on the success of an entrepreneur (Zahra, 2003).

Gender refers the sex definition of the entrepreneur. The entrepreneur may be a male or a female. This could also have an influence on the success or otherwise of an entrepreneur (DeMartino & Barbato, 2003). According to Stokes and Wilson (2006), it is important to note that there are a significant number of women-owned SMEs and despite an increase in the participation of women in entrepreneurship, their participation rate is lower than that of men. Stokes and Wilson (2006), further notes that it is important to conduct study on the factors that affect the success or failure of enterprises on the basis of competences, culture and gender differences. According to Stokes and Wilson (2006), it has become necessary because increasing the chances of these business ventures succeeding will have a huge implication on the increase trade, and consequently the growth of Gross Domestic Product (GDP) of these countries. Therefore, an understanding of the success predicators is therefore important (Stokes & Wilson, 2006).

Work experience, defines the duration or period of time the entrepreneur has been in that particular business, a related business or generally in the world of work (Stuart & Abetti, 1990, cited in Jo & Lee, 1996). This could have an influence on the success of an entrepreneur. According to Stokes and Wilson (2006), small firms are most vulnerable in their early years. Research suggests that nearly one half of newly establish firms cease operation within the first three years, and between 15 and 20 percent do not last for one year (Stokes & Wilson, 2006). The frequent failure of new businesses may be attributed to the lack of experience by their new entrepreneurs (Stokes & Wilson, 2006).

Finally, the characteristics of an entrepreneur also look at the level of education that has been attained by the entrepreneur. The questions here could be whether the entrepreneur has no any formal education, has only basic education, or may even be a university graduate. This factor may also have an influence on the success of the entrepreneur or otherwise (Lusssier & Pfeifer, 2001; Rose et al., 2006). According to Simpson et al. (2004), a certain amount of prior knowledge is required, either through training or formal education for entrepreneurial successs.

### 2.6.2 Characteristics of an Enterprise

The characteristics of an enterprise include the origin of the enterprise, length of time in operation, Size of the enterprise, capital source, and location.

The origin of an enterprise refers to the birth place of the enterprise (Stokes & Wilson, 2010). According to Dunn (1995), an enterprise's origin can be described as a rural enterprise, suburban enterprise, or as urban enterprise. They function in relation to their environment, including their family of origin, their business or customers (Dunn, 1995). Births of enterprises also vary according to location (Wilson & Stokes, 2010). Rates differ by geographical regions both across national boundaries and within local areas (Stokes & Wilson, 2010). According to Stokes and Wilson (2010), the origin of the enterprise could influence the success or failure of the enterprise.

Characteristics of enterprise also consider the length of time in operation (Straw, 1991; Autio, 2005; & Jovanovic, 1982). A resource-based view predicts that chronologically older firms will have considerable more resources than younger firms (Autio, 2005). According to Stokes and Wilson (2010), small firms are most vulnerable in their early years. Research suggests that nearly one half cease trading within the first three years and between 15 and 20 percent do not even last one year (Stokes & Wilson, 2010).

The size of the enterprise is another factor considered. The size of the enterprise may influence its success. Small firms and large firms appear to have different roles to play in innovation process (Stokes & Wilson, 2010). Larger firms have an advantage in capital intensive, concentrated industries where substantial resources are converging technologies are present (Stokes & Wilson, 2010). Smaller firms appear to have the advantage in emerging industries with high level of innovation (Stokes & Wilson, 2010). Indeed, small and medium-size firms are regarded as being more innovative than large ones because of their flexibility and willingness to try new approaches to production (Stokes & Wilson, 2010).

Capital source may also influence the success of an enterprise. Capital resources comprise the assets, capabilities, processes, routines and knowledge possessed by the venture (Barney, 1991). Capital resources are so critical in determining what decisions and actions that can be taken by the firm (Tseng, et al., 2004). The lack of capital and experience are some major factors affecting entrepreneurial success (Lee & Denlow, 2005).

The geographical location of an enterprise can determine it success or failure (Stokes &Wilson, 2010). Enterprises that are located at very strategic and busier environs where demand for the good or service is more likely to succeed than enterprises that are located places that are less strategic in terms of demand for the enterprises goods or services are likely to succeed than enterprises that are not strategically located in terms of demand for the enterprise's goods or services (Stokes & Wilson, 2010). According to Dunn (1995), enterprises can be described as rural, suburban, or as urban enterprises. Dunn (1995) notes that, the enterprises function in relation to their environments for their success.

### 2.6.3 The external environment

The external environment includes dimensions such as; Marketing, technology, information access, entrepreneurial readiness, social network and legality.

According to Bush and Bellovin (2009), the marketing is another obstacle for enterprises to grow since many businesses are confronted with the challenges of establishing effective distribution channels, communicating product features, pricing product and services in an attractive way, implementing sales and marketing efforts to win and retain customers and undertaking constant product development in order to sustain sales. Whereas small firms have the advantage of fast reaction time to changing the market requirement, the lack of resources to set up expensive distribution system is a disadvantage (Stokes & Wilson, 2010).

Technology is the method of operating business. An enterprise can innovate how it operates internally; however, the changes may have an influence on its external market place (Stokes & Wilson, 2010). The small business world has been increasingly affected another operational innovation – franchising. A wide range of business concepts have been made available in a short time to a very wide audience (Stokes & Wilson). This could have an influence on the success of a small enterprise.

Marketing information is vital for the success of SMEs (Stokes & Wilson, 2010). Moorthy, et al. (2012) have indicated that the higher the level of market orientation, the greater the level of performance in Ghanaian SMEs. Empirical evidence has also proved that there is positive relationship between information utilization and firm performance (Keh, et al., 2007). Entrepreneurial Readiness is also of great importance for success of entrepreneurs. The pro-activeness of an entrepreneur has a positive correlation with business performance (Moorthy, 2012). According to Buame (2012), social network is very important for venture creation and management. The term network is normally used to describe all kinds of relations and interactions. In Ghana, the the word networks is used used to imply social network (Buame, 2012). Given its importance, social network has become a kind of capital, given a new name as social capital (Buame, 2012).

Legality is the way in which legislation in society affects the business. For example, changes in employment laws, business registration, working hours and others may have an influence on the performance of enterprises (Buame, 2012).

Capital Access to capital is vital for the performance of any enterprise. Emmanuel (2011), has stated that insufficient capital or lack of access to financial sources is a major obstacle for SMEs and usually entrepreneurs need to use personal financial sources which are normally insufficient. The lack of financial or capital resources can constrain social entrepreneurship and restrict the ability of social entrepreneurs to create social capital (Thompson, et al., 2004).

### 2.6.4 Entrepreneur Performance

The framework has identified three indicators as dimensions of performance. These are: increase in sales, increase in the number of employees, and increase in assets of a business.

**Increase in Sales**: Brush (2006), has observed that the frequently used measure business performance as annual sales, number of employees, growth in sales and growth in employees number. Therefore, annual increase in sale of a business can serve as a yard stick to measure performance of a firm (Brush, 2006).

**Increase in the number of employees:** Alkali (2012) has stated that the performance of a business is measured by an increase in the number of employees. The above empirical finding supports the fact that an increase in the number of employees is a criterion for the measure of business performance (Alkali, 2012).

**Increase in assets**: A business' asset is seen as tangible and intangible (Brush, 2006). Berger (1988) has observed that the credit worthiness of an entrepreneur who may have longer credit history on more pledge able assets such as building and machinery makes the difference between a small and a large business. According to Brush (2006), intangible assets such as employee competence, internal and external structures are special indicators of business performance. Brush (2006) concludes that, the importance of assets as a measure of business performance cannot be overlooked.

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# CHAPTER THREE

# CONTEXT OF THE STUDY

## 3.0 Introduction

This chapter takes a look at Small and Medium-scale Enterprises in the Ghanaian context. The chapter discusses background of the study area, the historical background of SMEs in Ghana, the structure of SMEs in Ghana, the role of SMEs in the economic development of Ghana, and the garment industry in Ghana.

## 3.1 Background of the Study Area

Economic activities in Tamale revolve around peasant farming and petty trading. According to Jerome (2011), the Northern region in which Tamale is located is one of the poorest of the three regions in the country. Jerome (2011) has estimated that seven out of every ten residents in the region do not have access to basic urban services as a result of poverty. The climatic condition of the area is basically rainy and dry seasons (Jerome, 2011). This weather pattern has influenced the kind of crops cultivated in the area. Crops cultivated are mainly non tree crops such as rice, maize, millet, guinea corn (Jerome, 2011). Residents of the area are also engaged in rearing of livestock such as cattle, sheep, goats and guinea fowls (Jerome, 2011). According to Jerome (2011), the erratic weather condition in the area sometimes results in crop failure, accounting for the high level of poverty in the area. With regards to access to education, Tamale has sixty eight (68) Junior High Schools (JHS), eleven (11) Senior High Schools (SHS), two (2) Teacher Training Colleges, one (1) Polytechnic, and one (1) University

(Jerome, 2011). The area has a high level of school dropout rate, particularly at the JHS level, and especially among girls (Jerome, 2011).

Tamale also has three major public health facilities. These are; the Tamale Teaching Hospital, Tamale Central hospital, and the Tamale West hospital. All these health facilities operate the National Health Insurance Scheme (NHIS), thereby making it more accessible to the people in the area (Jerome, 2011). Finally, Tamale enjoys a number of social services. These include; twenty four hours supply of electricity, pipe-borne water supply system, telecommunication services including a variety of mobile phone services and access to about six (6) television stations in the country (Jerome, 2011).

**3.2 The Historical Background of SMEs in Ghana**

The history of SMEs in Ghana can be traced back to the 1970s when it became necessary for Ghanaians to take absolute control of the management of the national economy the `Alliance Compliance Order' in 1970 (Owusu-Bempah et al. 2013). The economy of Ghana almost fell in the hands of aliens such as the Lebanese and Nigerians some few years after independence in 1957 (Tsamenyi, et al., 2007). Key institutions were set up to assist SMEs (Tsamenyi et al. 2007). According to Tsamenyi et al. (2007), prominent institution among them was The Office of Business Promotion, the present Ghana Enterprise Development Commission (GEDC). It was aimed at assisting Ghanaian businessmen to enter into fields where foreigners mainly operated but which became available to Ghanaians after the `Alliance Compliance Order' (Tsamenyi et al. 2007). According to Tetteh-Osson (2013), this was followed by the passage of the Ghanaian Business Promotion Act 334 (1970) which sought to promote private entrepreneurship. The Investment Policy Decree 329 (1975) reserved certain areas like leather products, garment manufacturing and few others under the economy solely for the operation of the Ghanaians (GIPC, 2013). The Ghanaian Enterprises Development Degree formulated by the National Redemption Council Decree (NRCD) 330 (1975) established the Ghanaian Enterprise Commission. The Commission was charged with the responsibility of developing the small scale enterprises by providing financial assistance, technical and advisory services to the sector (Tetteh-Ossom, 2013). The issue of industrialization and its importance to the economic development of Ghana became the focus of the government of Ghana. It became relevant to have an integrated organisation that could respond to the needs of small scale enterprises sector (Tetteh-Ossom, 2013).

In order to achieve this noble objective, the National Board for Small Scale Enterprises (NBSSI) was established in 1985 by an Act of Parliament to effectively see to the development of micro and small scale enterprises in the Ghanaian economy (Tsamenyi et al. 2007). To ensure the maximum impact of the activities of the NBSSI on the development of small scale enterprises in the country, the Ghanaian Enterprises Commission and the Department of Cottage Industries were merged with the NBSSI in 1991 and 1994 respectively (Tetteh-Ossom, 2013). The main purpose of the establishment and the strengthening of the NBSSI were to ensure the provision of adequate finances to SMEs, and to provide the relevant capacity building programmes for the sector. The establishment was also to provide appropriate and improved technology base for the small and micro enterprises sector to increase productivity for higher growth in the sector (Boateng & Ganu, 2012). The NBSSI established its offices in Accra, secretariat in all regional capitals, and Business Advisory Centres in all 110 district capitals to offer services such as financial, technical and managerial assistance to SMEs country wide. In 1987, the industrial sector also witnessed the coming into operation of the Ghana Appropriate Technology Industrial Service (GRATIS). It was to supervise the operations of Intermediate Technology Transfer Units (ITTUs) in the country. GRATIS aims at upgrading small scale industrial concerns by transferring appropriate technology to small scale and informal industries at the grass root level (Boateng & Ganu, 2012). Currently in Ghana, SMEs are more prominent in the local economy, representing about 92 percent of Ghanaian businesses (Porayska-Pomsta et al. 2012).

## 3.3Structure of SMEs in Ghana

The economy of Ghana is characterized by a small number of large firms, followed by medium-size enterprises, and very large number of micro enterprises (MOTI, 2004). The unique feature of most SMEs is that, they can be easily established since their requirement in terms of capital, technology; management and even utilities are not as demanding as it is the case of large enterprises (Tetteh-Ossom, 2013). As a result of the above characteristics, the small enterprise sector is the most dominant form of business, accounting for up to 92 percent of businesses in Ghana (Abor & Quartey, 2010).

The definition of SMEs in the context of Ghana, are those enterprises engaging up to 29 employees, in most cases family members, with capital amounting up to GH¢100,000. Majority of SMEs fall under the informal sector. SMEs are formalized undertakings engaging between 1 and 29 employees, with capital investment from GH¢100, 000 (Boateng & Ganu, 2012). The Ghana Statistical Services (GSS) considers firms with less than 10 employees as Small Scale Enterprises (SSEs), and their counterparts with more than 10 employees as SMEs and large-scale enterprises. Also, the NBSSI in Ghana defines SSEs as those with not more than 9 workers and has a plant and machinery (excluding land and building) not exceeding 10 million cedis (US$ 9506.00, using 1994 exchange rate) (Boateng & Ganu, 2012).

According to Abor & Quartey (2010), a more recent definition of SMEs in Ghana is one given by the Regional Project on Enterprises Development Ghana manufacturing survey paper. The survey report classified firms into: (1) micro enterprises less than 5 employees, (2) small enterprises 5-29 employees, (3) medium enterprise 30-99 employees, and large enterprises 100 and more employees (Teal, 2002; cited in Abor & Quartey, 2010). Ghana is characterized by low capital formation; SMEs are the best option to address this problem (Porter & Kramer (2011). SMEs tend to be more effective in utilization of local resources using simple affordable technology Abor & Quartey, 2010). To sum up, the above characteristics are unique to SME businesses in Ghana.

### 3.4 The Role of SMEs in Economic Development of Ghana

According to Abor and Quartey (2010), there is a general consensus that the performance of SMEs is important for both economic and social development of developing countries. From the economic perspective, SMEs provide a number of benefits (Abor & Quartey, 2010). SMEs have been recognized as the engines through which the growth objectives of developing countries can be achieved. They are potential sources of employment and income in many developing countries (Abor & Quartey, 2010).

In Ghana, SMEs represent a vast proportion of businesses. They represent about 92 percent of Ghanaian businesses and contribute about 70 percent to Ghana's GDP, and over 80 percent to employment (Berry et al. 2002, cited in Abor & Quartey, 2010). The SMEs sector is noted to be one of the major areas that can of accelerate the rate of growth in low-income countries. They perform useful roles in ensuring income stability, growth and employment. Since SMEs are labour intensive, they are more likely to succeed in smaller urban centres and rural areas, where they can contribute to a more even distribution of economic activity in a region and can help to slow the flow of migration to large cities. They are able to withstand adverse economic conditions because of their flexible nature (Kayanula & Quartey, 2000, cited in Abor & Quartey, 2010). SMEs are more labour intensive than larger firms and therefore have lower capital costs associated with job creation. Due to their regional dispersion and their labour intensity, it is argued, small-scale production units can promote a more equitable distribution of income than large firms (Schmitz, 1995; cited Abor and Quartey, 2010). They also improve the efficiency of domestic markets and make productive use of scarce resources, thus facilitating long-term economic growth (Kayanula & Quartey, 2000, cited in Emmanual, 2011). SMEs contribute to a country's national product by either manufacturing goods of value, or through the provision of services to both consumers and other enterprises. This includes the provision of products and services to both domestic and foreign clients, hence contributing to national output and economic performance (Emmanuel, 2011).

According to Abor & Quartey (2010), it has also been observed that enterprises are not just suppliers, but also consumers. They (Abor & This role is very important because their demand for local raw materials as their industrial inputs, and other consumer goods, backed by purchasing power aid in stimulating economic activities in the country, as well as stimulating demand for their own goods and services (Abor & Quartey, 2010). Demand in the form of investment plays a dual role, both from a demand-side, with regard to the suppliers of industrial goods, and on the supply-side, through the potential for new production arising from upgraded equipment ((Abor & Quartey, 2010). In addition, demand is important to the income-generation potential of

SMEs and their ability to stimulate the demand for both consumer and capital goods (Berry *et al.*, 2001; cited in Emmanuel 2011).

SMEs play a very important role in economic growth, just as they are considerably essential in generating employment in many other developing countries (Porter & Kramer, 2011). Therefore, the future of the Ghanaian economy depends to a large extent on the success of SMEs as is the case in many other developing countries. The primary importance of the SME sector in Ghana is the creation of employment which contributes to an individual's disposable income. This implies that if people have disposable income they will spend more on goods and services. The consumption of goods and services contributes significantly to economic growth in Ghana (Emmanuel, 2011). The development of SMEs are seen as accelerating the achievement of wider economic and socio-economic objectives, including poverty alleviation and the creation of jobs (Cook & Nixson, 2000; cited Abor & Quartey, 2010).

The Government of Ghana (GoG) has set up an institutional fund to develop and empower individuals and communities through entrepreneurship (Philomina, et al., 2012). SMEs represent an important sector of the economy as they have the capacity to absorb the bulk of the unemployment if they produce both for the domestic and export markets, thus contributing to the Sustainable Development Dimension. The SME sector offers employment opportunities to a large section of the labour market (Luther-Osabutey & Debra, 2012). They also support a bigger part of the Ghanaian population and contribute largely to Ghana's Gross Domestic Product (GDP). This support is in the form of income as those employed in the SME sector earn a living through the SMEs. The SME sector therefore plays a significant role in economic growth and improving the standard of living of the people of Ghana (Abor & Quartey, 2010).

### 3.5 Challenges to the Contributions of SME in Ghana

The contribution of SMEs to an accelerated economic growth and job creation has been hampered by a number of factors, despite the potential role they play in developing countries including Ghana. These factor that serve as bottlenecks to the ability of SMEs to realize their full potential include lack of managerial skills, lack of adequate finance, equipment and appropriate technology, regulatory issues, and access to international markets (Steel & Webster, 1991; Aryeetey *et al*, 2001; Abor & Quartey, 2010).

The lack of adequate managerial skills is a significant constraint on SME development. SMEs may tend to attract motivated managers; they can hardly compete with larger firms. The scarcity of management talent is prevalent in most countries in the West African sub region including Ghana (Boateng & Ganu, 2012). The lack of support services or their relatively higher unit cost can hamper SMEs' efforts to improve their management. Consulting firms are often not equipped with appropriate cost-effective management solutions for SMEs. Also, despite the numerous institutions providing training and advisory services, there is still a skills gap in the SME sector as a whole (Kayanula & Quartey, 2000; cited in Abor & Quartey, 2010). The reason is that the entrepreneurs cannot afford the high cost of training and advisory services. However there are some who do not find it necessary to upgrade their skills due to complacency (Abor & Quartey, 2010). With regard to technology, SMEs often have difficulties in gaining access to appropriate technologies and information on available techniques. In most cases, SMEs utilize foreign technology which may sometime be acquired through leasing or other form of shared ownership. These arrangements are mostly as a result of the inability of SMEs to make outright purchase of the appropriate technologies (Aryeetey *et al.* 2001; Abor & Quartey, 2010).

Regulatory constraints also pose serious challenges to SME development. Although wide ranging structural reforms have led to some improvements, prospects for enterprise development remain to be addressed at the firm-level. The high start-up costs for firms, including licensing and registration requirements, can impose excessive and unnecessary burdens on SMEs. The high cost of settling legal claims, and excessive delays in court proceedings adversely affect SME operations (Abor & Quartey, 2010). In the case of Ghana, the cumbersome procedure for registering and commencing business are key issues often cited. Porter and Kramer (2011) indicated that it takes 127 days to deal with licensing issues and there are 16 procedures involved in licensing a business in Ghana. Meanwhile, the absence of antitrust legislation favors larger firms, while the lack of protection for property rights limits SMEs' access to foreign technologies (Kayanula & Quartey, 2000). Previously insulated from international competition, many SMEs are now faced with greater external competition and the need to expand market share. However, their limited international marketing experience, poor quality control and product standardization, and little access to international partners, continue to impede SMEs' expansion into international markets (Aryeetey *et al.* 2001; Abor & Quartey, 2010).

Another important problem that SMEs often face is the lack of access to capital (Lader, 1996). Lack of adequate financial resources places significant constraints on SME development. Abor and Biekpe (2006; 2007) observe that, notwithstanding the recognition of the role of SMEs in the development process in many developing countries, SMEs development is always constrained by the limited availability of financial resources to meet a variety of operational and investment needs. A World Bank study found that about 90% of small enterprises surveyed stated that credit was a major constraint to new investment. Levy (1993; cited in Abor & Quartey, 2010) also found that there is limited access to financial resources available to smaller enterprises compared to larger organizations and the consequences for their growth and development. The role of finance has been viewed as a critical element for the development of SMEs (Cook & Nixson, 2000). A large portion of the SME sector does not have access to adequate and appropriate forms of credit and equity, or indeed to financial services more generally (Parker *et al.*, 1995; in Kaniyunla & Quartey, 2000). In competing for the corporate market, formal financial institutions have structured their products to serve the needs of large corporate institutions (Luther-Osabutey & Debrah, 2012)

## 3.6 The Garment Industry

### 3.6.1 Definition

The garment industry is defined as factories and mills producing clothing such as outerwear, underwear, headwear, footwear, belts, purses, luggage, gloves, scarfs, ties, and household soft goods such as drapes, linens, and slipcovers (Bruland & Mowery, 2004). It is also called apparel and allied industries, or soft-goods industries (Mezzadri, 2012). The garment industry is said to be synonymous to the fashion design industry, where similar machines and equipments are used for the product (Bruland & Mowery, 2004). Fashion design is the art of the application of design and aesthetics or natural beauty to clothing and accessories (Mezzadri, 2012). Fashion design is influenced by cultural and social latitudes, and has varied over time and place (Bruland & Mowery, 2004). Fashion designers work in a number of ways in designing clothing and accessories such as bracelets and necklace, because of the time required to bring a garment onto the market, must at times anticipate changing consumer tastes (Mezzadri, 2012).

Fashion designers attempt to design clothes which are functional as well as aesthetically pleasing (Bruland & Mowery, 2004). They must consider who is likely to wear a garment and the situations in which it will be worn. They have a wide range and combinations of materials to work with and a wide range of colors, patterns and styles to choose from. Though most clothing worn for everyday wear falls within a narrow range of conventional styles, unusual garments are usually sought for special occasions such as evening wear or party dresses (Bruland & Mowery, 2004). Some clothes are made specifically for an individual, as in the case of haute couture or bespoke tailoring, but, today, most clothing is designed for the mass market, especially casual and every-day wear (Bruland & Mowery, 2004)

### 3.6.2 Historical Profile of Technology in the Garment Industry Worldwide

In the late Stone Age northern Europeans made garments of animal skins sewn together with leather thongs. Holes were made in the skin and a thong drawn through with an instrument like a crochet hook (Mezzadri, 2012). In southern Europe fine bone needles from the same period indicate that woven garments were already being sewn. Weaving and embroidery were developed in the ancient civilizations of the Middle East (Mezzadri, 2012). The equipment used in the fabrication of clothes remained simple and always lagged behind the development of techniques for spinning and weaving (Mezzadri, 2012).

An important advance took place in the middle ages, when iron needles were introduced in Europe (Bruland & Mowery, 2004). All operations continued to be performed by hand until factory production of cloth was made possible by the invention in the 18th century of foot- and water-powered machinery for spinning and weaving (Bruland & Mowery, 2004). This development in turn stimulated the invention of the sewing machine. After several attempts, a practical machine was patented in 1830 by

Barthélemy Thimonnier of Paris, who produced 80 machines to manufacture army uniforms (Bruland & Mowery, 2004). Thimonnier's machines, however, were destroyed by a mob of tailors who feared unemployment. Thimonnier's design used one thread. However, an American, Elias Howe, improved on it significantly with a lock-stitch machine that used two threads, a needle, and a shuttle (Bruland & Mowery, 2004). Though patented there (America), it was not accepted. Howe took it to England, where he sold part of his patent rights (Bruland & Mowery, 2004).

The objections of the American tailors and seamstresses were overcome by a machine designed in 1851 by Isaac M. Singer of Pittstown, N.Y. (Bruland & Mowery, 2004). When the sewing machine was first introduced, it was used only for simple seams. The more complex sewing operations were still done with a hand needle. The machines before Singer's were hand-powered, but Singer quickly popularized foot-powered machines (Bruland & Mowery, 2004).

Before the second half of the 19th century, the fabric or leather sections of clothing and footwear were cut by shears or by a short knife with a handle about 5 inches (13.5 cm) long and a 3-inch tapered blade (Bruland & Mowery, 2004). All pressing were done with the stove-heated hand flatiron. The flatiron and the iron (later steel) needle were for a long time the only major advances in making clothing and footwear since ancient times (Bruland & Mowery, 2004) . Tailors and dressmakers used hand needles, shears, short knives, and flatirons (Bruland & Mowery, 2004).

Footwear was made by using hand needles, curved awls, curved needles, pincers, lap stone, and hammers (Bruland & Mowery, 2004). For many years the sewing machine was the only machine used by the clothing industry (Bruland & Mowery, 2004). The next major development was the introduction in England in 1860 of the band-knife machine, which cut several thicknesses of cloth at one time (Bruland & Mowery, 2004). It was invented by John Barran of Leeds, the founder of the Leeds clothing industry, who substituted a knife edge for the saw edge of a woodworking machine (Bruland & Mowery, 2004). The resulting increased cutting productivity motivated the development of spreading machines to spread fabric from long bolts in lays composed of hundreds of plies of fabrics in the 1890s (Bruland & Mowery, 2004).

The Reece Machinery Company of the United States pioneered buttonhole machines at the end of the 19th century; later the Singer Company developed its own buttonhole machines and machines for sewing on buttons (Bruland & Mowery, 2004). The introduction of the Hoffman press enabled pressing to be done more quickly than by hand (Bruland & Mowery, 2004). All these developments made the factory production of clothing economical in industrialized countries. Though the first manufactured garments were shoddy in both make and materials, they were welcomed by poorer people, who previously had had to make their own. As the industry developed, it improved the quality of production and materials and catered more and more to the affluent (Bruland & Mowery, 2004). Until the second half of the 19th century, practically all clothes and shoes were produced by individual tailors and cobblers working either alone or with one or two apprentices (Bruland & Mowery, 2004). The output of a tailor or seamstress was usually limited to specific women's, men's, or children's garments (Bruland & Mowery, 2004).

### 3.6.3 An overview of ancient fashion in the garment industry across the world

Tie-dye is considered to be a product of pre-history (Jennings, 2004). In one thousand B.C., cloths such as those used to wrap mummies were found in dyed form in Egypt (Jennings, 2004). It's possible that the dying techniques trekked through various trade routes from India to Egypt (Jennings, 2004). Tie-dye fabric became popular in the United States in the mid-1950s (Jennings, 2004). People used direct dying methods with randomly folding, twisting, and tying fabric or clothing (Jennings, 2004). The items were then either dipped or put into a dye bath. The results were simple and multi designs, but they were not vibrant and tended to fade quickly, yet people still loved and patronized them (Jenning, 2004). Bright colors have delighted mankind from prehistoric times until today. Dyes were discovered by primitive man through the use of various plants' juices, flowers, bark, leaves, etc., and applying the substances to basic cloth (Jenning, 2004).

In Japanese Society, tie-dying was practiced with kimonos by using colored thread to restrict certain areas of the cloth (Jennings, 2004). The Japanese tie-dye became known as Shibori, and encases a wide variety of dying techniques. The resists used (wax, string, and synthetic resists) give the artist the ability to create very intricate and detailed designs on the fabric (Jennings, 2004). This art form began the change from random designs that are geometric or loose and free flowing to varied combinations of both. Shibori is widely practiced in Asian culture, as well as some artists in the United States and other countries (Jennings, 2004).

According to Jennings (2004), Pre-Columbian Peru, Nigeria, and other countries, especially on the west coast of Africa have enjoyed the art of tie-dye. For example, the Yoruba women of West Nigeria produce splendid indigo-dyed cloths which are designed elaborately with the foldings (Jennings, 2004). Tie-dye became all the rage during the Vietnam War period when people craved for peace and freedom from the starched idea of parents and authority (Jennings, 2004). It was a form of artistic expression of protest against the war (Jennings, 2004). Tie-dye made people happy. Tie-dye is not only an art of fabric, but a piece of world history (Jennings, 2004).

### 3.6.4 The Modern Garment Industry

The world's largest producers of garments are; China, India, Bangladash (Arora, 2004).Today, China's apparel market is one of the fastest growing markets in the world (Arora, 2004). The rise of e-commerce and the boom in fast fashion have fuelled the fast growth of the market in recent years (Arora, 2004). Department stores and specialty stores are the major distribution channels for apparel in China (Arora, 2004). Meanwhile, online retailing is growing fast (Arora, 2004). More online apparel retailers offer a wide variety of clothes at discounted prices. Moreover, fast delivery and easy return policy make online retailing more appealing to consumers (Arora, 2004), especially those younger and tech-savvy ones. With better online shopping environment, online sales are set to continue to fuel the development of China's apparel market (Arora, 2004).

In China,with a large size of population and rapid growth of the urban middle class, the demand for fast fashion is increasing (Arora, 2004). Fast fashion brands are often welcomed by many department stores and shopping malls (Arora, 2004).

The Indian sub continent is the second largest manufacturer of garments after China being the global leader in garment production (Arora, 2004). India is known for its high quality garments for men and most of the garment manufacturers are in the Small and Medium scale industry (Arora, 2004). Indian men's clothing industry has been growing steadily over the past few years, this has been possible owing to the Indian male becoming more fashion conscious, and hence there is more consumption which has increased global demand of men's garments by the rest of the world (Arora, 2004). India Garment Industry has an advantage as it produces and exports garments for men at more competitive prices due to cheap labour rates (Arora, 2004). India's Garment Industry has been rapidly growing in last few years. Exports have been rising as there is an increase in orders from global buyers accompanied by a rise of investments in the garment sector of the country (Arora, 2004). The Garment Industry is of major importance to the Indian economy as it contributes substantially to India's export earning, it is estimated and analyzed that one out of every six households in the country depends on this sector either indirectly or directly for its livelihood (Arora, 2004) Indian fabrics distributed by World class retail shops such as Wal-Mart, Tesco, and M&S, all in the United States (Norstebo, 2003).

Bangladesh is the next largest manufacturer of garment in the world, after China, (Arora, 2004), though they claim to be second (Norstebo, 2003). The Bangladesh economy has grown an average of six percent a year over the last two decades and has a population increasing by an average of 1.59% a year (Norstebo, 2003). The manufacturing industry accounted for almost 12% of Bangladeshi GDP in 2009 and 20103, and employs approximately four million people (Nortebo, 2003). The export-oriented Bangladeshi garment manufacturing industry has boomed into a $19 billion dollar a year industry (Norstebo, 2003). The Bangladeshi textile and garment manufacturing sector is fuelled by young, urbanizing, workers many of whom are women (Norstebo, 2003). With the majority of production destined for U.S. and European markets, Bangladesh's ready-made garment industry now accounts for approximately 78% of total exports, second only to China as the world's largest apparel exporter (Arora, 2004). According to Arora (2004), over 80% of these manufacturers in the garment industry in Bangladesh are SSE firms.

### 3.6.5 THE GARMENT INDUSTRY IN GHANA

The study looks at the profile of the garment industry in Ghana, and examines three main garment production sectors. These are the fashion design sector (tailors and dressmaker), the tie and dye (batik) production sector, and the smock making sector.

Ghana`s fashion industry made up of numerous small-scale enterprises which took the form of a sole proprietorship and were engaged in making garments for individuals as well as uniform for schools, industries and governmental institutions such as the police, the army, hospitals, etc, and also for the exports market (Quartey, nd). The garment industry depended directly on the textile industry (Quartey, nd). However, there are a number of small firms, hand-printing their own designs onto bleached cotton fabrics, also known as tie and dye or batik cloth. Also, traditional or indigenous textiles such as Kente cloth (traditional woven fabric), Adinkra cloth (traditional hand printing fabric) and other types of woven fabrics used for various purposes such as smock making (Quartey, nd). Many people take pride in African fashion these days (Amoafo, 2012).

According to Amoafo (2012), Ghanaians are large purchasers of African fabrics, and most visitors to Ghana usually ensure they leave purchasing African fabrics. It is something the country is known for, even and especially those from other African nations. Once upon a time, Ghana was also a large producer of African fabrics; however the governments of Ghana have sat back, neglected and watched this lucrative market slip into the hands of foreign entities

(Amoafo, 2012). There have been training centers on Batik/Tie and Die production in Tamale. One of such training centers is located at Kukuo, a suburb in Tamale of the Tamale Metropolis. They started training on May 12th 2007 (Amoafo, 2012). Their instructor (Sheriffa), who was a motivated graduate from the Kwame Nkrumah University of Science and Technology, started to take them through the nooks and crannies of this empowering art (Amoafo, 2012). To begin with, they were taken through the materials, chemicals and dyes (Amoafo, 2012). They were also told the health hazards associated with some chemicals and precautionary measures to be adopted in the working environment (Amoafo, 2012). The trainees have been taught the practical aspect of their vocation which included tying, folding, dyeing and so on. The instructor stated that, “after five weeks of intensive training, it was gratifying to see women who were picked from the fringes of barren farmlands designing fabrics that could fetch them additional income” (Amoafo, 2012).

The Northern smock in Ghana, is a unique garment in the world, and distinguishes the northern Ghanaian, and for that matter a Ghanaian where ever it is used (Abugri, 2014). To distinguish between traditional royalty and citizens of the north smock producers produce “royal smocks” which are for chiefs (Abugri, 2014). These come with a cap, trousers and knee-length leather boots (Abugri, 2014).

There are various types of traditional smocks peculiar to various traditional areas of Northern Ghana which produces the bulk of the nation’s traditional smocks (Abugri, 2014). There are generally three traditional smock designs identified with the country's Northern, Upper East and Upper West regions (Abugri, 2014). The country's Upper West Region is known for producing the best "cool color" smocks. These generally combine different shades of blue and green or both colors with other "quiet colors" such as yellow, white, and blue and green (Abugri, 2014).

The Upper East Region is noted for "warm color" smocks in which various shades of red or orange dominate other colors of the fabric (Abugri, 2014). The Northern Region is noted for its "heavy duty" smocks. It is so called because of their generally large size and heavy fabric (Abugri, 2014). There are now various designs of traditional smocks for different occasions such as festivals, the performance of rituals funerals, weddings and child- naming ceremonies, as well as for leisure wear and informal occasions (Abugri, 2014).

Today, the smock which is locally called "fugu" has become national attire, and no longer preserve of only the Northern Ghanaian (Abugri, 2014). The smock has become functional attire, increasingly being used by a number of government officials and prominent personalities at state functions and public gatherings (Abugri, 2014). Successive Ghanaian heads of states have helped showcase the Ghanaian smock by wearing it at important national and international functions (Abugri, 2014). Ghanaian Presidents have showcased the smock by often wearing it both home and trips abroad included J.J Rawlings (Abugri, 2014). President Rawlings put the smock on the screens of television networks around the world when he wore one during the visit of former US President Bill Clinton to Ghana (Abugri, 2014). Many foreigners who visit Ghana may not leave the country without at least one traditional smock in their luggage (Abugri, 2014).

Many other Ghanaian leaders in the past used the smock. For example; Dr. Kwame Nkrumah and five of his comrades in the struggle for Ghana's independence, Komla Gbedemah, Kojo Botsio, Archie Casely-Hayford, Krobo Edusei, and N.A. Wellbeck, all appeared in splendid smocks at the Old Polo grounds on 6 March1957, to declare Ghana's independence from British colonial rule (Abugri, 2014).

# CHAPTER FOUR

# RESEARCH METHODOLOGY

## 4.0 Introduction

This chapter deals with how the study is to be conducted in order to achieve the study objectives satisfactorily. This is an issue of methodology. Research methodology refers to the procedural framework within which the research is conducted (Saunders et al., 2009). A research methodology further refers to a set of rules for reasoning, and the evaluation of facts that can be used to draw inferences (Eldabi et al., 2002). It is the way in which the researcher investigates and seeks answers to pre-defined research problems (Taylor & Bogdan, 1984). Research methodology is about how the researcher conducts the entire study to achieve the stated research objectives and seek answers to the stated research questions. Therefore, this chapter is aimed at discussing the main methodological dimensions of the study: research approach, research design, sampling design, issues concerning data collection, data analysis techniques as well as quality criteria applied to this study.

## 4.1 Research Approach

Generally, there are two main approaches to a research inquiry: quantitative (deductive) and qualitative (inductive) according to some scholars of research methodology (Blaikie, 2009; McGivern, 2009). Quantitative research can be defined as an extreme of empiricism according to which theories are not only justified by the extent to which they can be verified but also by an application of facts acquired (Amaratunga et al., 2002). Quantitative researches are also used to measure how people feel, think or act in a particular way and it seeks to quantify data and apply some statistical analysis which is often formalized, well structured and data is usually obtained from large samples (Tull & Hawkings, 1990).

In view of these, Saunders *et al*. (2009) posited that, for a quantitative study, the vital skills needed for the researcher are the ability to develop hypotheses and test them with proper statistical techniques, and interpret the statistical information into descriptive information. However, Yin (1994) contend that in using this approach, the researcher must be mindful of the disadvantages associated with it, in that, knowledge produced may be too abstract and general for direct application to specific local situations, contexts, and individuals.

In contrast, qualitative research emphasizes getting close to the subject(s) of study and assuming the role of a participant to describe a social reality from the perspective of the subject rather than observer. Bryman (1994) describes qualitative research as an "approach that studies the social world, and seeks to describe and analyze the culture and behavior of humans and their groups, from the point of view of those being studied". It is also concerned with rich and detailed description, understanding and insight rather than measurement (McGivern, 2009). Therefore, direct and in-depth knowledge of a research setting is necessary to achieve contextual understanding. As a result, qualitative research methods are associated with face-to-face contact with people in their research setting, together with verbal data and observations (Eldabi *et al*., 2002).

Qualitative research also involves the study of relatively small sample sizes using techniques in the form of interviews that may be recorded and later transcribed, field notes that describe observed events, written documents and archives (Eldabi *et al*., 2002). In spite of the strengths of qualitative research, McGivern (2009) posited that the less structured and less standardized approach to this type of research can however make information obtained through this approach relatively low in reliability. Hence, McGivern (2009) proposed that qualitative researchers must undergone training in addressing their own feelings, opinions and biases before undertaking fieldwork.

This study employed quantitative approache to research, being mindful of the above advantages and disadvantages associated with both approaches to research as discussed above. Quantitative approach has been adopted because it is concerned with rich and detailed description, understanding and insight rather than measurement (McGivern, 2009). This, in the researcher's view is most appropriate for the study.

## 4.2 Research Design

Research design constitutes a framework or blueprint for collection, measurement, and analysis of data (Copper & Schindler, 2001). Research design is also referred to as the plan of procedures for data collection and analysis that are undertaken to evaluate theoretical perspectives (Copper & Schindler, 2001). According to McGivern (2009), the purpose of research design is to structure the research to deliver evidence necessary to answer the research problem as accurately, clearly and unequivocally as possible. Research design is to ensure that the researcher strives toward objectivity (McGivern, 2009). In the view of Saunders *et al*., (2009) there are several research designs or strategies from which a researcher can choose namely: experiment, survey, case study, action research, grounded theory, ethnography and archival research.

From the above options of research designs identified, the researcher adopted the survey strategy. This strategy was adopted due to the cross-sectional nature of data collected and cross-sectional studies usually adopt survey strategy (Robson, 2002). Thus, data was collected from a cross-section of the population based on the phenomenon under study at one point in time and conclusion drawn on the findings. The choice for this research design became necessary as the researcher explore to seek new insights into the phenomenon under study.

### 4.3 Sampling Design (Target Population, Sample Size and Sampling Technique)

The population of interest in any study is typically a group of persons who possess a certain characteristic or set of characteristics which the researcher seeks to investigate (Fraenkel & Wallen, 2006). Target population of a study according to Malhotra (2007) is the collection of elements or objects that possess the information sought by the researcher and about which inferences are made. Dillman (1994) has observed that a prerequisite to sample selection is to define the target population as narrowly as possible and that sample selection depends only on the population size and its homogeneity, as well its cost and the degree of precision required. A distinction has been made between a target population and a survey population. A target population is the population from which the results are required where as the survey population is the population actually covered by the research (Moser & Kalton, 1971). Therefore the actual population can then be any size and are usually referred to as the target population to which a researcher would like to generalize research findings.

For the purposes of this study, the target population consisted of all small scale entrepreneurs in the garment industry within the Tamale Metropolis of Ghana. They consist of tailors and seamstresses, smock weavers, and tie and dye batik producers. The entire target population is sometimes difficult to sample so a more narrowly defined population or the accessible population is considered. According to Fraenkel and Wallen (2006), a more narrowly defined population known as sampling unit will often save on time, effort and even money. They also assert that it is important for the researcher to clearly describe the population and the sample unit in sufficient detail so that interested parties can apply the findings to their own situations. Therefore the way out is to depend on material from a section of the group or population with the hope that the results will reflect the entire group. This section is known as a sample frame out of which a sample size will be determined. A sample is a relatively small representative group selected from a population (Fraenkel & Wallen, 2006).

In this study population consisting of 420 SMEs operating in the garment industry within the Tamale Metropolis of Northern, were identified from the records of the office of the Business Advisory Center (BAC, 2009) in Tamale. The total number of 420 SMEs was clustered, and a quota for each of the variables under study was randomly sampled for the study. The sample size was chosen based upon the general guidelines for sample size determination. According to Onugu (2005), a sample size of 20% of the target population is considered adequate and representative of a study. However, Hair *et al*. (2006) has cautioned that if the sample size exceeds 500, the goodness of fit is poor because almost any difference detected. Therefore, considering the theoretical aspect of these guidelines, the sample size of the study was set at 84, which is about 20% of the study population.

**4.4 Sources of Data and Method of Data Collection**

Sources used for data collection can be categorized into two main forms: primary and secondary. Primary sources of data are collected specifically for the research problem at hand, whereas secondary sources contain data that have been gathered and assembled at a previous time for other purposes than the current research problem (Hair *et al*., 2006; Saunders *et al*., 2009). The advantage of secondary data is that it is usually collected at a lower cost and more rapidly than primary data (Saunders *et al*., 2009). On the other hand, since it is usually collected for a different purpose, its content might correlate poorly with the researchers' current objectives (Yin 1994; Hair *et al*., 2006).

For the purpose of this study, the researcher used primary and secondary data. The primary sources of data were responses generated from respondents by the use of questionnaire and interview schedules. The secondary source of data on the other hand included data from organizations such as the National Board for Small Scale Industries (NBSSI), the Association of Ghana Industries (AGI), the Business Advisory Center (BAC, 2009) and other official documents such as books, journals, pamphlets and websites.

**4.5 Pretesting of questionnaire**

Having designed the questionnaire it was necessary to ascertain the suitability and applicability of the questionnaire before proceeding with the main data collection. According to Hair *et al*. (2006), the final version of the questionnaire is pretested to make sure that there are no problems regarding the clarity of the questions, instructions, determinant of appropriate levels of independent variables, reliability and that face validity is satisfactorily.

In view the above, the researcher did a pilot-tested the questionnaire with 10 entrepreneurs who were randomly selected. The ten (10) initially tested entrepreneurs though were not among those selected for the study; they however shared the same characteristics. The pre-testing was not only done to ensure that all questions and instructions were clearly understood, but also to expose any item that would not generate usable data. The researcher also sought the assistance of experts who agreed that the questionnaire logically reflect what it has been set out to measure. However, some minor typing mistakes were found and corrected. The corrected version of the questionnaire was finally distributed in the field research.

### 4.6 Data Collection

Collection of data constitute one of the major phases of the research process. The structured questionnaires were purposively distributed among entrepreneurs. Purposive as used here by the researcher refers to selecting respondents for participation in the study mainly because they are representative of the population of interest and meet the specified needs of the study (Dillon et al., 1993).

Interviews were conducted by the researcher in English and Dagbanli which is the local language widely spoken in the study area. It became necessary to conduct interviews in the local language (Abedi & Lord, 2001; Tailor et al. 2003) due to the fact some of the entrepreneurs are not able to speak English. Effort has been made by the researcher to ensure an in-depth coverage of the study area.

### 4.7 Data Analysis Techniques

A statistical tool was employed for the analysis of data gathered from the field. The main analytical instruments utilized for the analysis of data collected from respondents are descriptive and inferential statistics. Prominent among the tools used is the Pearson Correlation Matrix, to establish the relationship between variables.

# CHAPTER 5

# DATA ANALYSIS DISCUSSION

## 5.0 Introduction

This chapter deals with data analysis and discussion of findings. The study was conducted, using questionnaire and interviews. The questionnaire were given to those who could read and write, whereas interviews were administered to those who could not read or write. It presents information on the characteristics of respondents or entrepreneurs, characteristics of enterprises, and the external environment. These dimensions may influence the performance of Small Scale Entrepreneurs operating in the garment industry within the Tamale Metropolis in Northern Region of Ghana.

## 5.1 Demographic features

This explains the various items that were captured in the questionnaire in an attempt to investigate the extent to which the characteristics of the entrepreneur, the characteristics of the enterprise, and the external environment may have on the performance of Small Scale Entrepreneurs.

### 5.1.1 Gender

Gender as a characteristic of entrepreneur looked at how many entrepreneurs that were males and those who were females, as indicated in the table above. This will help determine whether there is any relationship between gender and entrepreneur's performance.

The survey revealed that majority of 54 respondents, representing 65.1 percent were males, whereas 29 of them representing 34.9 percent were females. This is represented in the table below.

**Table 5.1.1 Gender**

| Gender | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| **Male** | 54 | 65.1 | **65.1** |
| **Female** | 29 | 34.9 | **100.0** |
| **Total** | **83** | **100.0** | |

**Source: field data, (2014).**

### 5.1.2 Age range

Data on respondents' age was gathered to determine the age groups that are engaged in Small Scale Entrepreneurship. This question is necessary because it will help determine whether there is any relationship between age and entrepreneur's performance.

The ages of those who fall within 36 and above years were 41, representing 49.4 percent, constituting the majority of respondents. They were followed by those within

31-35 years; 26 respondents, representing 31.3 percent. The age group within 26-30 was 11, representing 13.3 percent, whilst respondents within the ages 20-25 years were only 5, representing 6 percent. The data is captured in the table below:

**Table 5.1.2: Age Distribution of Respondents**

| Age | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| 20 -25 | 5 | 6.0 | 6.0 |
| 26 – 30 | 11 | 13.3 | 19.3 |
| 31-35 | 26 | 31.3 | 50.6 |
| 36 and Above | 41 | 49.4 | 100.0 |
| Total | 83 | 100.0 | |

**Source: field data, (2014)**

### 5.1.3 Level of Education

This question sought to know the level of respondent's educational background. This will help determine whether there is any relationship between an entrepreneur's educational level and performance.

In terms of the level of education, respondents who completed Junior High School and those that completed, Senior High School, recorded 27 each, representing 32.5 percent each. This was followed by those who did not have any formal education being 13 respondents, and represented 15.7 percent. Respondents who completed primary schools were 10, representing 12 percent, and finally those who had tertiary education only 6, representing 7.2 percent of total respondents. The data is presented in the table below

**Table 5.1.3 Level of education**

| Level of Education | Frequency | Percentage | Cumulative Percentage |
|---|---|---|---|
| Did not go to School | 13 | 15.7 | 15.7 |
| Primary Education | 10 | 12.0 | 27.7 |
| Junior High School | 27 | 32.5 | 60.2 |
| Senior High School | 27 | 32.5 | 92.8 |
| Tertiary Education | 6 | 7.2 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014)**

### 5.1.4 Type of Business

This question was to determine whether there is any relationship between type of business and entrepreneur's performance. In response this question, respondents who are in tailoring and dressmaking were 38, representing 45.8 percent, constituting the majority. Those engaged in Weaving and Smocks were 34, representing 41.0 percent, and those who are Tie and Dye Batik producers were 11, representing 13.3 percent of the respondents. The data is presented in the table below.

**Table 5.1.4 Type of business**

| Type of Business | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Tailoring / Dressmaking | 38 | 45.8 | 45.8 |
| Weaving of Smocks | 34 | 41.0 | 86.7 |
| Tie and Dye Batik Production | 11 | 13.3 | 100.0 |
| Total | 83 | 100.0 | |

**Source: field data, (2014)**

### 5.1.5 Length of Operation of Business

This question sought to find out the duration the respondent's business has been in operation. It sought to determine whether there is a relationship between the length of operation of a business, and entrepreneur's performance. The survey showed that a vast majority of 78 respondents, representing 94 percent had been in business for 5 years and above. Three (3) respondents, representing 3.6 percent indicated they had been in business for between 3and 4 years, and finally, 2 respondents, representing 2.4 percent indicated they had been in business for less than one year. The data in captured in the table below:

**Table 5.1.5 Length of Operation of Business**

| Year of Operation | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| 3-4 years | 3 | 3.6 | 6.0 |
| 5 years and above | 78 | 94.0 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

### 5.1.6. Number of Employees

This question was asked to determine the number of employees employed by each entrepreneur. The number of employees of a business will determine the size of the business. It sought to determine whether there is a relationship between the number of employees of a business, and entrepreneur's performance. The data showed that businesses that employed less than 5 employees were 72 respondents, representing 86.7 percent. Those that employed between 5 and 9 employees were 6, representing 7.2 percent, whilst respondents who employed 30 and above employees were 3, representing 3.6 percent. Finally respondents who employed 10-29 employees were only 2, representing 2.4 percent.

**Table 5.1.6 Number of Employees**

| No. of Employees | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Less than 5 | 72 | 86.7 | 86.7 |
| 5-9 | 6 | 7.2 | 94.0 |
| 10-29 | 2 | 2.4 | 96.4 |
| 30 and Above | 3 | 3.6 | 100.0 |
| Total | 83 | 100.0 | |

**Source: field data, (2014).**

### 5.1.7 Sources of Business Capital

This question sought to know the various sources of capital to entrepreneurs. It was to determine whether there is a relationship between source of capital of a business, and entrepreneur's performance. The data showed that 63 respondents, representing 75.9 percent, sourced their business capital through personal savings, 9 respondents, representing 10.8 percent sourced their capital through borrowing from family members, 5 respondents, representing 6 percent sourced their capital by borrowing from parents, and finally 3 respondents each, representing 3.6 percent each, sourced their by borrowing from friends and loans from banks respectively. The data is presented in the table below.

**Table 5.1.7: Sources of Business Capital**

| Source of Capital | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Personal savings | 63 | 75.9 | 75.9 |
| Borrowed from friends | 3 | 3.6 | 79.5 |
| Borrowed from family members | 9 | 10.8 | 90.4 |
| Loan from banks | 3 | 3.6 | 94.0 |
| Inheritance | 5 | 6.0 | 100.0 |
| Total | 83 | 100.0 | |

**Source: field data, (2014).**

### 5.1.8 Market Base of Entrepreneurs

This question sought to find out the kind of market entrepreneurs were exposed to. It basically wanted to know whether respondents are limited to only the domestic market or are exposed to international market. It sought to determine whether there is a relationship between the market base of a business, and entrepreneur's performance. The finding showed that 78 respondents, representing 94 percent are limited to only the domestic market, whilst only 5 respondents, representing 6 percent had access to international market.

**Table 5.1.8 Market Base**

| Market Base of Entrepreneur | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Domestic Market | 78 | 94.0 | 94.0 |
| Both Domestic and International Markets | 5 | 6.0 | 100.0 |
| Total | 83 | 100.0 | |

Source: Field data, (2014).

### 5.1.9 Entrepreneurs who do not have bank account

This question sought to assess the banking habit of entrepreneurs. The findings showed that 68 respondents, representing 81.9 percent have a bank account, whilst 15 of them, representing 18.1 percent indicated that they did not have bank accounts. The data is presented in the table below.

**Table 5.1.9: Entrepreneurs with bank account, and those without**

| Bank Account | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Yes | 68 | 81.9 | 81.9 |
| No | 15 | 18.1 | 100.0 |
| Total | 100.0 | 100.0 | |

**Source: Field data, (2014).**

### 5.1.10 Technology used for production

The type of technology used for production by entrepreneur can influence to a large extent the level of development of the enterprise. The question sought to investigate whether there is a relationship between technology used by a business, and entrepreneur's performance. The survey revealed that 47 respondents, representing 56.6 percent used machines being operated by electricity. The survey also revealed that 32 respondents, representing 38.6 percent used machines that are operated both manually and by electricity. Finally, 4 respondents indicated that they used machines that are operated manually without the use of electricity. The data is presented in the table below:

**Table 5.1.10 Technology used for production**

| Technology used for Production | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Machine being operated manually and electricity | 32 | 38.6 | 38.6 |
| Machines using electricity | 47 | 56.6 | 95.2 |
| Manually without the use of a machine | 4 | 4.8 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

### 5.1.11 Source of Market Information

This question sought to find out the source of market information respondent entrepreneurs are utilizing. The essence of this question was to help determine whether there is a relationship between source of market information, and entrepreneur performance. The data showed that as much as 68 respondents, representing 81.9 percent got their market information from friends. Twelve (12) respondents, representing 14.5 percent indicated they sourced information through Workshops and Seminars, 2 respondents, representing 2.4 percent sourced their market information from Radio, and finally on 1 respondent, representing 1.2 percent indicated to have sourced market information from the internet. The data is presented in the table below:

**Table 5.1.11What is your source of market information**

| Source of market information | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Internet | 1 | 1.2 | 1.2 |
| Workshops and Seminars | 12 | 14.5 | 15.7 |
| Radio | 2 | 2.4 | 18.1 |
| Friends or other people | 68 | 81.9 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

### 5.1.12. The primary motivation for being an entrepreneur

The researcher wanted to find out from respondents their primary motives for being entrepreneurs. It sought to determine whether there is a relationship between the primary motive for one being an entrepreneur, and entrepreneur's performance.

The response to this question, a vast majority of 73 respondents, representing 88 percent indicated that they are in business as their main sources of employment, 8 respondents said they are in business with the vision to succeed as businessmen, and only 2 respondents indicated that they are in business as a second source of income to them.

**Table 5.1.12 The primary motivation for being an entrepreneur**

| Motivation of Entrepreneur | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Source of Employment | 73 | 88.0 | 88.0 |
| A Vision to succeed as a businessman | 8 | 9.6 | 97.6 |
| Secondary source of income | 2 | 2.4 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

### 5.1.13 Respondents who have bank account

The significance of this question was to the researcher was find out if the respondents had established some relationship with banks, so that they could benefit from some kind of assistance from such banks. The survey showed that 68 respondents, representing 81.9 percent indicated they have bank accounts, and 15 of them, representing 18.1 percent said they did not have bank accounts. The data is presented below:

**Table 5.1.13 Respondents who have bank account**

| Account Holders | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Yes | 68 | 81.9 | 81.9 |
| No | 15 | 18.1 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

### 5.1.14 Those that have you ever approached their bank for a loan

The researcher wanted to find out if respondent who operated bank accounts had ever approached their banks to request for any financial assistance. This question was to find if entrepreneurs had established some relationship with banks, and could access some financial assistance from those banks. The result showed that 71 respondents, representing 85.5 percent of respondents indicated they have never approached their banks for any financial assistance. Eight (8) respondents, representing 9.6 percent did indicate that they have ever approached their banks for financial assistance. The data is presented in the table below:

**Table 5.1.14 Those who have you ever approached your bank for a loan**

| Requested for Bank Loans | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Yes | 8 | 9.6 | 9.6 |
| No | 71 | 85.5 | 95.2 |
| Not Applicable | 4 | 4.8 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

**5.1.15. Increase in your average daily/monthly sales over the years**

This question sought to find out if there had been an increase in the average daily and monthly sales of entrepreneurs over the period. The question sought to investigate whether there is a relationship between an increase in sales and entrepreneur's performance. The response showed that 64 respondents, representing 77.1 percent indicated they recorded average increases in sales over the period. The rest of the 19 respondents however indicated they did not record any increase in sales over the years. The data is presented in the table below:

**Table 5.1.15 Increase in your average daily/monthly sales over the years**

| Sales increase | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Yes | 64 | 77.1 | 77.1 |
| No | 19 | 22.9 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

### 5.1.16 Estimated percentage increase in sales over the years in operation

The researcher wanted to know how if respondents had an idea about rate of growth of their businesses. This sought to find out whether there is a relationship between the sustained increase in sales over a long period, and entrepreneur's performance. The survey showed that 42 respondents, representing 50.6 percent indicated that their businesses grew between zero (0) and twenty (20) percent over the years in operation. Twenty (20) of the respondents, representing 24.1 percent said they experienced a growth rate of between 30 and 50 percent over the period, and only 2 respondents, representing 2.4 percent indicated their estimated profit had increased by over 80 percent over the period in their operations. However, 17 respondents, representing 20.5 percent said they could not respond to the question. The data is presented in the table below:

**Table 5.1.16 Estimated percentage increase in sales over the years in operation**

| Estimated Percentage Increase in Sales | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Between 0 and 20% | 42 | 50.6 | 50.6 |
| Between 30 and 50% | 20 | 24.1 | 74.7 |
| Between 60 and 70% | 2 | 2.4 | 77.1 |
| Over 80% | 2 | 2.4 | 79.5 |
| Not Applicable | 17 | 20.5 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

### 5.1.17 An increase in the number of employees of a business after those employed from the very beginning

As a measure of growth, the researcher wanted to find out if respondents had achieved an increase in the number of employees over the period in their operations. This question sought to determine whether there is a relationship between the number of employees of a business, and entrepreneur's performance. The survey showed that 74 respondents, representing 89.2 percent indicated they achieved an increase in the number of employees over the period in their operations. However, 8 respondents, representing 9.6 percent said they did not realized an increase in the number of their employees, and only 1 respondent, representing 1.2 percent said he could not respond to the question. The data is captured in the table below;

**Table 5.1.17 An increase in the number of employees of a business after those employed from the very beginning**

| Increase in initial no. of Employees | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Yes | 74 | 89.2 | 89.2 |
| No | 8 | 9.6 | 98.8 |
| Not Applicable | 1 | 1.2 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

**5.1.18. Estimated rate of increase in the number employees over the period.**

To reinforce this important question as a measure of business success, the researcher wanted to get a self-rating of the entrepreneur in terms of slight increase, moderate increase or significant increase in the level of success from respondents themselves. The following information was obtained. Fifty-three (53) respondents, representing 63.9 percent indicated the they realized slight increase in the number of employees, 21 respondents, representing 25.1 percent said they realized moderate increase in the number of employees, and 1 person, representing 1.2 percent reported a significant increase in the number of employees. However, 8 respondents, representing 9.6 percent said they could not respond to this question. The data captured is presented in the table below:

**Table 5.1.18 Estimated rate of increase in the number employees over the period**

| Increase in no. of employees overtime | Frequency | Percent | Cumulative Percent |
|---|---|---|---|
| Slight increase | 53 | 63.9 | 63.9 |
| Moderate increase | 21 | 25.3 | 89.2 |
| Significant increase | 1 | 1.2 | 90.4 |
| Not Applicable | 8 | 9.6 | 100.0 |
| Total | 83 | 100.0 | |

**Source: Field data, (2014).**

### 5.2 Examination of Correlation between Variables

In order to understand the relationship between Characteristic of Entrepreneur and Entrepreneurial success, Characteristics of Enterprise and Entrepreneurial success, and the External Environment and Entrepreneurial success, a Pearson Correlation Matrix was constructed. This is depicted in table 5.2.1 below.

**Table 5.2.1: Correlations**

| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|---|---|
| 1.Gender | Pearson Correlation | 1 | | | | | | | |
| | Sig. (1-tailed) | | .021 | | | | | | |
| 2. Age range | Pearson Correlation | -.224* | 1 | | | | | | |
| | Sig. (1-tailed) | .021 | | .059 | | | | | |
| 3. Number of employees | Pearson Correlation | -.100 | -.173 | 1 | | | | | |
| | Sig. (1-tailed) | .183 | .059 | | .021 | | | | |
| 4. Business location | Pearson Correlation | .264** | -.124 | .225* | 1 | | | | |
| | Sig. (1-tailed) | .008 | .133 | .021 | | .330 | | | |
| 5. Market base | Pearson Correlation | .027 | -.124 | .065 | -.049 | 1 | | | |
| | Sig. (1-tailed) | .405 | .132 | .279 | .330 | | .329 | | |
| 6. Source of market information | Pearson Correlation | .136 | .157 | -.103 | -.080 | .049 | 1 | | |
| | Sig. (1-tailed) | .110 | .078 | .177 | .236 | .329 | | .422 | |
| 7. Increase in the number of employees | Pearson Correlation | -.035 | .133 | .036 | -.065 | .056 | -.022 | 1 | . |
| | Sig. (1-tailed) | .378 | .115 | .374 | .281 | .308 | .422 | | .082 |
| 8. Increase in sales | Pearson Correlation | -.117 | .201* | .076 | .019 | .036 | .053 | .154 | 1 |
| | Sig. (1-tailed) | .146 | .035 | .247 | .433 | .375 | .318 | .082 | |
| *. Correlation is significant at the 0.05 level (1-tailed). | | | | | | | | | |
| **. Correlation is significant at the 0.01 level (1-tailed). | | | | | | | | | |

**Source: Field data, (2014)**

From the results, it can be observed that components of the independent variables that have a positive relationship with the dependent variable (Entrepreneurial Success) have been presented, and discussed below.

### 5. 3 Characteristics of Entrepreneurs and Entrepreneurial Success

After constructing the Pearson Correlation Matrix above, the variables in entrepreneur characteristics that showed significance and in relationship with entrepreneurial success are gender and age range of entrepreneurs. The result in table 5.2.1 showed a Pearson r of -.035, and r = -.117 of increase in the number of employees and increase in sales respectively over the period for gender as an independent variable. This means that gender as a characteristic of an entrepreneur has a negative relationship with entrepreneurial success with regard to increase in sales, and also a negative relationship for an increase in the number of employees of an enterprise. The age of entrepreneur has established positive relationship with entrepreneurial success. The result in table 5.2.1 above has showed a Pearson Correlation r of 0.133 for age in relation to increase in the number of employees, and r = 0.201 the correlation table in relation to increase in sales of the entrepreneur. Therefore the overall result of age as an independent variable on entrepreneurial success as the dependable variable is positive with regards to increase in the number of employees and the an increase in sale of the enterprise.

### 5.4 Characteristics of Enterprise and Entrepreneurial Success

The number of employees of an enterprise and its location, as variables captured in enterprise characteristics in the table 5.2.1 above, has shown a positive relationship with entrepreneurial success. The result showed a Pearson r of .225, establishing a positive relationship for an increase in the number of employees with business success, and r = .076, also establishing a positive relationship between an increase in the level of sales, and business success. With regard to business location in relation to entrepreneurial success, a Pearson r of .065 established a positive relationship between location of a business and entrepreneurial performance. For number of employees, a Pearson correlation value of r = .019 for business location. This has further established a positive relationship between the number of employees and entrepreneur performance. The number of employees and the location of the business represent the independent variable, whereas entrepreneurial performance is the independent variable.

### 5.5 External Environment and Entrepreneurial Performance

The Pearson Correlation table above (table 5.2.1) is further used to examine the relationship between the external environment and entrepreneurial performance. The result in the table showed a positive value of r = .056 representing market base to an increase in the number of employees, and r = .036 for market base to an increase in the level of sales. This showed a positive relationship between the market base and entrepreneurial performance. Table 5.2.1 above has further showed a Pearson r value of .022, and r = 053 for source of information to increase in the number of employees and an increase in the level of sales respectively. The above examination shows that the external environment represented by market base and source of information has a positive relationship with entrepreneurial performance, which is also represented by increase in the number of employees and an increase in the level of sales by an entrepreneur.

### 5.6 Discussion of Findings

This study was carried out to ascertain the influence of the characteristics of the entrepreneur, the characteristics of the enterprise, and the external environment on entrepreneurial performance of SME entrepreneurs in the Tamale Metropolis of Northern Ghana. The study was to investigate whether there is a positive relationship between entrepreneurial performance and the three dimensions mentioned above, namely characteristics of the entrepreneur, the characteristics of the enterprise, and the external environment. Taken together, the results offer some support for positive influence of characteristics of the entrepreneur, the characteristics of the enterprise, and the external environment on entrepreneurial performance.

#### 5.6.1 The Effect of Characteristics of Entrepreneur on Entrepreneurial Performance

The study has shown that the characteristics of an entrepreneur that have positive relation with entrepreneurial performance in the study area are gender and age. The data on gender of respondents indicates that majority (65.1%) are males while the remaining (34.9%) are females. The result of the data reflects the perception in this area that the male sex is the bread winner in a family. For this reason, females are not encouraged to engage in productive ventures including entrepreneurship. The number of females who are engaged in entrepreneurship in this survey are probably so daring that they want to change the status quo.  The perception is that females are most suitable to be prepared towards their marital homes to be taken care of by their husbands. This accounts for the male domination of their female counterparts in entrepreneurship. This is however not to suggest that the female sex are successful entrepreneurs. It may even emerge that the lesser number of females in entrepreneurship are better entrepreneurs. The Pearson Correlation analysis for gender showed a positive relationship of r = -.035 for an increase in the number of employees, and a value of r = -.117 for an increase in the level of sales. These values are significant, and implies that gender has a positive influence on entrepreneurial performance, that is, if is measured in terms of increase in the number of employees and an increase in sales as observed by Tsai, et al., (1991), and Brush, (1992).

The data on age also showed a positive relationship with entrepreneurial success. The result the Pearson Correlation analysis showed value of r = 0.133 for increase in the number of employees, and a value of r = 0.201 for an increase in sales. Both values are significant, and imply that the age of an entrepreneur has a positive influence on entrepreneurial performance, if measured in terms of an increase in the number of employees and an increase in sales (Box et al., 1995; cited in Alkali, et al., 2012). The survey revealed that entrepreneurs within the ages of 36 and above constitute the majority (41%), those within the age 31-35 forms 31.3% percent respondents. Those within the age of 26-30 forms 11 percent, and finally those within the age group of 20-25 were only 6 percent of the respondents surveyed. Further interpretation of the data shows that the aggregate age of respondents within the age 31 and above constitute 80.7 percent. The likely interpretation is that, these are people who would have left school, and found entrepreneurship as a source of employment to settle down. A further explanation of age having a positive relationship with entrepreneurial success could be that as entrepreneurs get more matured in terms of age they are more likely to be more careful about finances than those that are more youthful and could venture to have adventures that could weigh heavily on their finances, and could have an adverse effect on the performance of their businesses.

### 5.6.2 The Effect of Characteristics of Enterprise on Entrepreneurial Success

The dimensions for characteristics of enterprise as identified by Storey (1994) include origin of enterprise, length of time in operation, size of the enterprise, capital source, and location. Two of these dimensions, namely the size of an enterprise and location of an enterprise have proved to have a positive relationship with entrepreneurial performance, per the use of Pearson Correlation Matrix for test and analysis. The size of a business is directly related to the number of its employees. The data showed that businesses that employed less than 5 employees were the majority of respondents (72%), whilst only 6 percent (6%) of respondents employed between 5-9 employees. The result shows that majority of entrepreneurs in the research area are actually operating Micro Enterprises and Very Small Enterprise, under the umbrella of SMEs. This is consistent with the definition of Small Scale Enterprise by Osei et al (1993), which states that Enterprises that employs less than six employees, and those that employs between six and nine employees are termed ‘Micro’ and ‘Very Small’’ enterprises respectively. The number of employees of a business will determine the size of the business. The data showed that businesses that employed less than 5 employees were 72 respondents, representing 86.7 percent. Those that employed between 5 and 9 employees were 6, representing 7.2 percent, whilst respondents who employed 30 and above employees were 3, representing 3.6 percent. Finally respondents who employed 10-29 employees were only 2, representing 2.4 percent and 'Very Small' Enterprises respectively, and those that employs between ten and twenty nine are termed Small Enterprises. Therefore, going by this definition, over ninety percent of the respondents are classified under Micro, and Very Small Enterprises. At test of the relationship between the size of an enterprise and entrepreneurial success showed a positive relationship, yielding a significant value of r = 0.036 for increase in the number of employees, and r = .076 for an increase in sales. Both increase in the number of employees and increase in sales accepted as criteria for measuring entrepreneurial performance (Brush, 1992; cited in Alkali, et al., 2012).

The location of business has a positive correlation entrepreneurial performance. This implies that the location of a business has a positive influence on the entrepreneurial performance of a business. This has been proved by the fact that a test of Pearson Correlation analysis yielding a significant P value of r = - .065, and r = -019 of location in relation to increase in the number of employees and an increase in sales respectively, which represent criteria for measuring entrepreneurial performance.

### 5.6.3 The Effect of the External Environment on Entrepreneurial Success

Source of market information and the market base of an enterprise are the two important variables of the external environment that have proved positive in relation to business success. The data showed that as much as 68 respondents, representing 81.9 percent got their market information from friends. Twelve (12) respondents, representing 14.5 percent indicated they sourced information through Workshops and Seminars, 2 respondents, representing 2.4 percent sourced their market information from Radio, and finally on 1 respondent, representing 1.2 percent indicated to have sourced market information from the internet. There is a significant correlation between source of market information and entrepreneurial performance. A correlation test on this variable yielded a significant P value of r =-.022 against increase in the number of employees, and r = .053 against increase in sales.

The study has established a positive relationship between market base of a business and entrepreneurial success. An analysis of correlation between market base and business performance gave a significant P value of r = .056 for increase in the number of employees, and r = .036 for an increase in sales. This implies that the market base of a business, that is whether a domestic or foreign market has a positive influence on entrepreneurial performance. The findings of the study showed that 94 percent of respondents are limited to only the domestic market, and only 6 percent of them have access to both domestic and international markets.

# CHAPTER SIX

## SUMMARY, CONCLUSIONS, AND RECONDATIONS

## Introduction

This study has explored the key success factors influencing entrepreneurial performance in the Tamale Metropolis of Northern Ghana. This final chapter deals with the summary and conclusions based on the findings of this study. The study has also made recommendations for consideration by policy makers and for further studies, as well as limitations of the study.

### 6.1 Summary of Findings

. The findings have revealed that key factors influencing entrepreneurial performance of Small Scale Entrepreneurs are many and varied. The key findings of the research objectives are summarized in this section and categorized under various research objectives below.

### Research Objective I

The first objective was to investigate the influence of characteristics of an entrepreneur on entrepreneurial performance. The result revealed a positive and significant relationship between the entrepreneur characteristics such as gender and age, and entrepreneurial success. However, other entrepreneur characteristics such as work experience and level of education did not show positive relationship with entrepreneurial performance.

**Research Objective II**

The second research objective sought to establish the relationship between the characteristics of an enterprise and entrepreneurial performance. The result of correlation analysis for enterprise characteristics such as the size of the enterprise and enterprise location established positive relationship with entrepreneurial performance, other dimensions of enterprise characteristic such as; origin, length of time in operation, and source of capital did not show any positive relationship.

**Research Objective III**

The third research objective relates to whether the external environment has an influence on entrepreneurial performance. The study has established that there is a positive relationship between certain dimensions of the external environment, and entrepreneurial performance, but not all. Dimensions of external environment business such as the market base of the business and information access of the business have been proved to have positive relationship with entrepreneurial performance, whilst other dimensions of the external environment such as government support, legality, and social networks did not show any positive relationship.

## 6.2 Conclusion

This study has made an attempt to identify the key success factors influencing the entrepreneurial performance of SSEs in the Tamale Metropolis of Northern Ghana. The result of the study identified six dimensions of the three main components of the framework developed by Storey (1994), to have influence on entrepreneurial performance. These dimensions are; the age and gender of an entrepreneur as the characteristics of the entrepreneur, the size and location of the enterprise as the characteristics of the enterprise, and the market base and information access as characteristics of the external environment. However other dimensions the framework such as; work experience and education as characteristics of an entrepreneurs, origin of enterprise, length of time in operation, and capital source as characteristics of an enterprise, and technology, entrepreneurial readiness, social networks, and legality as the external environment had been established to have no positive relationship with entrepreneurial performance in the study area.

The finding of this study has revealed discrepancies from the findings of previous studies. This study revealed that there is no positive relationship between education and entrepreneurial performance as characteristics of an entrepreneur. This finding is contrary to previous studies; (Box etal., 1993; & Anderson et al., 2004); found that there is a positive relationship between the level of education and entrepreneurial performance. The study is also contrary to previous findings; (Barney, 1991; Lee & Denslow, 2005); which found that there is a positive relationship between capital source, and entrepreneurial performance, characteristics of enterprise. The study further revealed that legality as an external environment to a business has no positive relationship with entrepreneurial performance, as opposed to a study by Lin (2010), who found a positive relationship between legality and entrepreneurial performance.

Implications of the study for policy formulation are that; in the first place, government should provide access to reliable source of information for SSEs to enhance entrepreneurial performance; and secondly government and other stakeholders in youth development should educate the youth, especially those who have low level of education, so that they can succeed in life if they venture into entrepreneurship.

Contributions of this study to existing knowledge is that; it has redefined entrepreneurial performance in the framework proposed by Storey (1994), to include increase in sales, increase in the number of employees, and increase in asset of a business as dimensions of entrepreneurial performance. The study has also established that low level of education is not a barrier to being a successful entrepreneur.

### 6.3 Recommendations and Suggestions for Further Studies

Based on the research findings, the following suggestions are made for consideration by SSE entrepreneurs and other stakeholders. The result of the study has proved that there is relationship between the characteristics of the entrepreneur, the characteristics of the enterprise, and the external environment and entrepreneurial performance, though some dimensions of the characteristics are proved to have no relationship. It is my recommendation that SSE entrepreneurs should pay particular attention to dimensions identified to have positive relationship with entrepreneurial success, such as; the market base and access to information by the entrepreneur; gender and age of the entrepreneur; as well as the size and location of the enterprise, in order to ensure improved business performance. I further recommend that external factors such as access to information by entrepreneurs such infrastructure for internet access, which may sometimes be out of the influence of the SSE entrepreneur should be provided by government to ensure easy and reliable access to information by entrepreneurs.

### 6.4 Limitations of the Study

There are two notable limitations to this study. First, the study is limited in terms of the industry, and second, the geographical scope.

Firstly, the findings of the study are limited to the scope of the garment industry dealt with. The study focused on Small Scale Enterprises (SSE) operating in the garment industry, specifically on businesses operating in: tailoring & dress-making (fashion designing); smock weaving & design; and tie & dye-batik production, excluding other businesses operating in the SSEs sector. Therefore, care should be taken not to generalize the findings of the study to all SSEs.

Secondly, the study was conducted in a single geographic region, and the results therefore may not transfer into other geographic regions due to cultural differences that may pertain in those regions.

Obviously, the findings of this study are most likely to hold for other SSEs business contexts. However, the applicability of these findings to other contexts needs further investigations

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## APPENDIX: QUESTIONNAIRE

Dear Respondent,

I am an M.Phil (Marketing) student of the University of Ghana Business School (UGBS), Legon. As part of the requirement for the award of a Master of Philosophy Degree, each student is to conduct a research work, in fulfillment of the requirement.

I am undertaking a study on a topic entitled “Factors Influence Performance of Small Scale Entrepreneurs of the Garment Industry of the Tamale Metropolis in Ghana”.

The following questionnaire will enable me obtain the necessary information for the study. I would therefore appreciate it, if you could take part of your time to complete the questions for me.

I wish to assure you that all information provided is to be used for academic purpose only, and will be treated as confidential.

Thank you very much.

**Section I. Characteristics of Entrepreneurs**

Please tick the appropriate response.

1. What is your gender? a. Male b. Female

2. What is your age range?

   (a) Below 20 (b) 20-25

   (c) 26-30 (d) 31-35

(e) 36 and above

3. What is your level of education?

a. Did not go to school b. Primary education c. junior Secondary education

d.Senior Secondary education e. Tertiary education

4. What type of business are you engaged in?

a. Tailoring and Dressmaking b. Weaving of Smocks c. tie and dye Batik production

5. Where did you start your business? Please state.

a. within the Tamale Metropolis b. outside the Tamale Metropolis in the Region c. outside the region

6. How long have you been operating this business?

a. less the 1 year b. 1-2 years c. 3-4 years d. 5 years and above

7. How many employees do you have?

a. less than 5 b. 5- 9 c. 10-29 d. 30 and above

8. How did you get your business capital?

a. personal savings b. borrowed from friends

c. borrowed from family members d. loan from banks e. inheritance

9. Where is your business located?

a. within the Central Business District of Tamale. b. outside the Central Business District of Tamale

**Section III. External Environment**

10. What is your market base?

a. Domestic market b. international market. c. Both domestic and international markets

11. What technology do you use for production?

a. machine being operated manually b. machines using electricity c. Manually without the use of a machine

12. What is your source of market information?

a. news papers b. the internet c. workshops and seminars d. all the above e. none of the above f. more than one of the above

13. Do you have any of the following in Government?

a. family member b.a friend c. school mate d. more than one of these e. none of these

14. Do you have any of the following in living abroad?

a. family member b.a friend c. school mate d. more than one of these e. non of these

15. What is your primary motivation for being an entrepreneur? Please state

a. Source of employment b. a vision to succeed as a businessman c. secondary source of income

16. Do you have a business plan for your business?

a. Yes b. no

17. Have you ever benefited from any support from Government?

a. Yes , b.No

18. If yes, what was the nature of support received?

Financial support, Technical support

19. Do you have a bank account? a.Yes b.No

20. If yes, have you ever approached your bank for a loan? a.Yes b.No

21. If yes, were you successful? a. Yes b.No

a. collateral security b. high interest rates c. outright denial of request

**Section IV. Entrepreneurial Success**

22. Has there been an increase in your average daily/monthly sales over the years?

a. yes, b. no

23 If yes, please state an estimated percentage increase in sales over the years in operation.

a. between 0 and 20% b. between 30 and 50% c. between 60 and 70% d. above 80%

24. Has there been an increase in the assets of your business from commencement till date?

a. yes, b. no

25. Has there been an increase in the number of employees of your business after those employed from the very beginning?

a. yes, b. no

26. If yes, please state an estimated average increase in the number of employees yearly.

a. slight increase b. moderate increase c. significant increase

.

Thank you for answering to this questionnaire.