**UNIVERSITY OF GHANA**

# AN INVESTIGATION INTO MICRO ENTERPRISE GROWTH IN GHANA: EVIDENCE FROM "GORO BOYS" IN ABOSSEY-OKAI MARKET, ACCRA

**BY**

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## DECLARATION

I do hereby declare that this thesis is the result of my own research 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**

We do hereby certify that this thesis was supervised in accordance with procedures laid down by the University of Ghana.

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# DEDICATION

To my family for their support during this research work.

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# TABLE OF CONTENT

## LIST OF TABLES

# LIST OF FIGURES

## ABSTRACT

The distortions in the literature on the relevance of micro-enterprises have been blamed partly on the lack of clarity on the growth measures for micro-enterprises. This study, therefore, investigated whether there are specific growth measures used by micro-enterprise to measure growth. From a qualitative perspective, the researcher adopted a case study strategy, semi-structured interview, and a snowballing sampling technique to sample five micro-entrepreneurs popularly called “Goro boys” in Abossey-Okai Market in Greater Accra Region. Four research questions were investigated. After thematic analysis, some essential findings have been revealed. Objective one, which examined the operational processes of “Goro boys” showed that they act as expert transaction facilitators, network with sellers of spare parts and also make money through margins on their facilitation. From objective two, the result espoused that micro-enterprises believe they are growth-oriented enterprises; nevertheless, this study largely found that their indicators are not functional growth as such, but it is about survival. These indicators, therefore, include: improved standard of living; personal wealth; income from the “Goro” business; and subsidiaries. Objective three, which examined the challenges of micro-entrepreneurs, revealed that imitation of spare parts, extreme weather conditions, and price fluctuation are some of the pressing challenges inhibiting their growth. Micro-entrepreneurs responded that they employ personal saving, institutional savings, i.e. “susu collection”, and credit from family and friends as a means to enhance their growth. The study has made the recommendation that, while micro-entrepreneurs engage in training and skills development programmes, intervention programmes such as small grants, periodic workshops, skill training and development programmes should be organised with a focus on helping these micro-entrepreneurs protect, improve and prevent their businesses from collapsing.

# CHAPTER ONE

# INTRODUCTION

## 1.0 Chapter Overview

This chapter provides a general background to the study. The study investigated whether alternative growth indicators exist for micro-enterprises in Abossey-Okai Market in Accra, Ghana. Thus, the structure of this current chapter includes: background of the study; research problem; gaps in literature; the purpose of the study; research objectives; the research questions; significance and scope of the study; and proposed methodology. The chapter concludes with the structure of the entire thesis.

## 1.1 Background of the Study

Over the years scholars and practitioners have generally acknowledged that micro enterprises have become engines of poverty reduction, business development and employment creation among others in various developing countries (Seitz, 2017). Liedholm (2002) posits that many African countries depend heavily on micro-enterprises to help stimulate their economies. Given this fact, there is, however, much scholarly evidence suggesting that the vast majority of micro-enterprises do not grow (Davidsson, Kirchhoff, Hatemi & Gustavsson, 2002).

These scholars argue that micro-enterprises start small, live small, and die small (Davidsson, Kirchhoff, Hatemi, & Gustavsson, 2002; Aldrich & Reuf, 2006). Gomez (2008) emphasises that the majority of micro-enterprises are not very growth prone. Another riGorous study by Degenhardt, Horvath, and Maddock (2012) finds that only 1 per cent of micro-enterprises graduate to become small enterprises, which typically employ ten (10) or more workers, and the majority of micro-enterprises have more probability of contracting than expanding

(Fajnzylber, Maloney & Rojas, 2006). Similar trends in Sub-Saharan Africa indicate that micro-enterprises begin small and end small with no form of growth regarding the output and number of employees (Aryeetey & Ahene, 2005; Liedholm, 2002).

Nonetheless, a section of literature argues that the relative failure rate of micro-enterprises is explained by inappropriate growth indicators to measure the growth of these enterprises (Harif, Hoe & Ahmad, 2013; Matsotso & Benedict, 2014). These studies have applied growth indicators that are largely drawn from the formal sector to measure the growth of micro-enterprises and, as such, these indicators are not applicable to the informal sector. Indeed, selecting growth indicators to reflect the true status of micro-enterprises with some degree of certainty is indeed a crucial process (Abdelrahim & MBA, 2007). The lack of universally accepted standard growth indicators to measure the growth of micro-enterprises created an "open system" phenomenon where authors choose their own judgment on growth indicators that might not truly reflect the growth of these enterprises.

Growth indicators commonly used include turnover, number of branches, market share, sales volume, firm reputation, return-on-investment (ROI), profitability, employment and established corporate identity. While it is widely argued in the literature that these growth indicators are appropriate and applicable to enterprises in the formal sector, they are not always perfectly applicable to enterprises in the informal economy, specifically micro-enterprises (Abdelrahim & MBA, 2007; Degenhardt, Horvath & Maddock, 2012).

Scholars have therefore opined that growth can be evaluated objectively or subjectively (Zulkiffli & Perera, 2011). Over the years, scholars have the preference for subjective indicators as compared to objective indicators especially in the case of micro-enterprises, due to difficulties in obtaining objective or reliable financial data from these micro-entrepreneurs (Kueng, 2000). Normally, the subjective indicators measure perceptions of entrepreneurs about growth, growth aspirations and perception of firm owners and attitude towards growth (Foreman-Peck, Makepeace & Morgan, 2006; Delmar & Wiklund, 2008; Moreno & Casillas, 2008). For instance, using firm size and employment to measure growth underestimates the earnings of micro-enterprises (Chew, IIavarasan & Levy, 2011). This raises an important question as to whether the growth indicators derived from the formal sector actually reflect the true nature of these micro-enterprises in the informal sector. A careful consideration of why this is so should lead us to revise how we measure micro-enterprise growth (Degenhardt, Horvath & Maddock, 2012).

Nichter and Goldmark (2009) opined that “the truth is that we know very little about microenterprise growth”, thus it is important that literature establishes specific and reliable growth indicators that are appropriate and applicable to micro-enterprises (Harif, Hoe & Ahmad, 2013). Perhaps this could also account for the reason why researchers conclude that the vast majority of micro-enterprises do not grow (Degenhardt, Horvath & Maddock, 2012). Although it is an undisputed fact that micro-enterprises face many challenges that hinder their growth or even further cause a permanent shutdown, some of these businesses still do, indeed, have the potential to grow (Seitz, 2017).

In emerging economies such as Ghana, micro-enterprises are considered as one of the principal driving forces behind innovation and economic development and a crucial element in the effort to lift countries out of poverty (Abor & Quartey, 2010; Yankson & Owusu, 2015; Quaye & Acheampong, 2013; Abor & Biekpe, 2007; Quaye & Mensah, 2017; Adom & Williams, 2012) constituting about eighty per cent (80%) of businesses in Ghana (Adom & Williams, 2012). For example, about 80 per cent of businesses in Ghana are micro-enterprises owned and managed by one-person (Mensah, 2004; Adom & Williams, 2012; Quaye & Mensah, 2017). Although 75 per cent of micro-enterprises in Ghana never add workers after start-up and only one per cent (1%) of micro-enterprises graduate to become small enterprises

(Mensah, 2004), these operators feel their businesses are growing, notwithstanding the fact that their growth indicators are different from the traditional growth indicators found in the formal sector (Amoah-mensah, 2016). It is important to note that microenterprises in Ghana usually reside in the informal sector (Mensah, 2004). For the purposes of this study, microenterprise is conceptualised to connote meanings of businesses solely owned and managed within homes and street corners.

Importantly, the work of Heintz and Pollins (2003) noted that, irrespective of the location of the firm, measuring growth require a proper redefinition of growth indicators. The argument of Heintz and Pollins is poignant in light of the fact that at least a cursory observation of these micro-operators reveal that, in reality, they have alternative growth indicators they use in measuring growth. Consequently, this researcher wants to explore if alternative growth indicators could be derived from micro-entrepreneurs' perspective, using the "Goro boys" (spare parts dealers) in Abossey-Okai Market, Accra as a case study.

"Goro boys" are expert facilitators stationed at vantage locations in the market area where they spot prospective customers and approach them for business transactions. These operators stand at the Abossey-Okai junction and inside the market assisting customers to purchase the right equipment at the right place and at the right price, saving customers time used for searching for items or going to the main shops. Recently, however, the activities of "Goro boys" have become more predominant in urban societies, due to the increase in unemployment (Amoah-Mensah, 2016).

The researcher argues that inconsistent growth indicators can lead to a false judgment on the actual growth of micro-enterprises. For example, a micro-enterprise with declining profits and market share could be seen as failing when, in fact, its owner is satisfied with the overall business operation and growth. In view of the foregoing discourse, it appears that growth indicators include more than just the formal indicators, which Abdelrahim and MBA (2007) identified as income for the owner, improved standard of living and job satisfaction. Therefore this study investigates if alternative growth indicators could be derived from these micro-enterprises using "Goro boys" as a case study. Knowledge of growth indicators for micro-enterprises will help establish appropriate policies to help these micro-enterprises grow and their growth can be properly measured.

### 1.2 Problem Statement and Research Gaps

Assessment of growth of micro-enterprises has been problematic (Simpson, Padmore & Newman, 2012). Studies note that growth measures such as market share, gross profit, return on asset and number of employees are for formal enterprises and are not adaptable in practice to micro-enterprises (Sousa, Aspinwall & Rodrigues, 2006). This is because micro enterprises have the desire for short term results and there are unreliable financial records for these micro enterprises (Kueng, 2000; Sousa, Aspinwall & Rodrigues, 2003). Anecdotal evidence shows that micro-enterprise owners have their way of measuring growth. In view of this, it will be misleading to use formal sector growth measures to measure the growth of micro-enterprises (Zhang & Bruning, 2011). Consequently, it appears that academic enquiries on growth measures used by micro-entrepreneurs is still relatively nascent and still in exploratory phases in literature. Further, knowledge is thus needed to find out what these micro-entrepreneurs consider as growth measures (Garengo, Biazzo & Bititci, 2005). Amoah-Mensah (2016) also suggested that further exploratory investigations on growth measures of micro-enterprises should be conducted.

Methodologically, a number of studies have quantitatively examined the growth measures of micro-enterprises. For instance, studies such as Tefera, Gebremichael and Abera (2013) found evidence that micro entrepreneurs consider increase in profit as a measure of growth.

However, these quantitative growth measures have limited understanding on how to assess growth of micro-enterprises, thus the need for a qualitative perspective on growth indicators, particularly for micro-enterprises (Abdelrahim & MBA, 2007; Abdallah, 2017).

A study by Degenhardt, Horvath and Maddock (2012) on micro enterprise growth found contrary evidence that micro-entrepreneurs do not consider profit or profit maximization as an essential measure of growth. Other similar studies have found inconclusive and varied findings on the actual measures of growth; particularly relating to micro-enterprise (Gebreeyesus, 2007; Abdallah, 2017). In view of this, there is the need for empirical clarity and specific context understanding of what micro-entrepreneurs consider as growth. This study responds to studies such as Blankson, Cowan and Darley (2018) and Degenhardt, Horvath, and Maddock (2012) who recommended that an understanding of micro-enterprise growth should be expanded to consider more contextual dimensions. Again, Rae (2005) argued that entrepreneurship takes place within a social context and studying it must be considered within that context. The growth measure for micro-enterprises within the Ghanaian context is still not clearly explored.

There is, therefore, a consistent call for growth measures to be considered from a different purview, taking into consideration the subjective perspective of these micro-operators (Wagner & Stenberg, 2004; Simpson, Padmore & Newman, 2012). On the basis of this, the researcher argues that the traditional growth indicators applied in the formal sector may not perfectly apply to micro-enterprises in the informal sector. Considering the lacuna of studies identifying growth measures for micro-enterprises, this study seeks to find out what these micro-enterprises consider as growth indicators.

## 1.3 Purpose of the Study

The purpose of this study is to investigate whether there are alternative growth indicators for micro-enterprises. Again, this study seeks to identify the fundamental challenges confronting the growth of micro-enterprises in Abossey-Okai Market in Accra and furthermore make recommendations for improving growth of micro-enterprises.

## 1.4 Research Objectives

To achieve the purpose of this study, the researcher seeks to achieve the following objectives:

a. To explore the operational processes of micro-enterprises "Goro boys" in Abossey-Okai Market in Accra.

b. To investigate whether alternative growth indicators exist for micro-enterprises in the case of "Goro boys" in Abossey-Okai Market in Accra.

c. To identify the challenges that may inhibit the growth of micro-enterprises in Abossey-Okai Market in Accra.

d. Recommend measures to curb the challenges Micro-entrepreneurs face in their operations.

## 1.5 Research Questions

To achieve the study objective, the following research questions will be asked:

a. What are the operational processes of micro-enterprises "Goro boys" in Abossey-Okai Market in Accra?

b. What growth indicators do micro-enterprises in Abossey-Okai Market in Accra use in measuring growth?

c. What are there the challenges faced by micro-enterprises in achieving growth?

d. What measures can micro-enterprises employ to curb the challenges they face in their operations?

## 1.6 Significance of the Study

The study complements existing literature and knowledge on growth indicators from an informal economy viewpoint. It also fills the gaps in literature and knowledge by providing in-depth information on how "Goro boys" micro-enterprises at Abossey-Okai market grow, and what these operators consider as growth indicators. The study also raises societal awareness of "Goro" activities and identifies the factors that contribute to the success of these operations and to understand the challenges faced by the micro-enterprises. Additionally, this research encourages further academic research in the area of informal enterprises and their growth.

Support for start-ups and micro-businesses are often seen as the first policy option for creating jobs in the economy. Therefore, to the government, this study serves as a basis for developing support programmes for micro-enterprises. A precise measure of the informal economy operators can support governments in ascertaining uncollected tax revenue and estimate a more exact gross domestic product (GDP). The Government, policy makers, and non-government organisations, can draw inferences from the study findings regarding how they can channel their support programmes to help the formalisation of these informal economy operators.

## 1.7 Scope of the Study

The study revolves around the investigation of micro-enterprise growth in Ghana with an emphasis on "Goro boys" in Abossey-Okai Market in the Greater Accra Region of Ghana. This is because, despite the contributions of these enterprises to developing economies such as providing income for the poor, literature has not provided an accurate assessment of the growth of these micro-enterprises; nor has it delivered a better understanding of the challenges they face. Further, the choice of “Goro boys” for this study, is because anecdotal evidence reveals that, in Ghana, “Goro boys” activities account for one of the largest percentage of informal jobs after street vending. Moreover, the practice has become more prevalent in Accra, especially Abossey-Okai Market and, conveniently, the researcher could easily access them. Although specific growth indicators for informal economy operators is not limited due to the popularisation of the formal growth indicators in literature, the study concentrated on “Goro boys” to understand their perspectives about growth. The researcher aims to glean some lessons (if any) for Ghanaian micro-enterprises as to whether the application of formal enterprise growth is appropriate or not, and what actually constitutes growth to them.

### 1.8 Summary of Study Methodology

The research adopts an interpretive approach, which involves formulating research questions, hypotheses and testing them empirically under carefully controlled circumstances (Boateng, 2014). In this qualitative (inductive) research, the researcher adopts a case study design as a constructive way of finding out “what is happening; to seek new insights; to ask questions and to assess phenomena in a new light” (Robson, 2002). The researcher used primary data in order to avoid distortion and inconsistencies that come with secondary data (Ghauri & Gronhaug, 2005). Using an interview guide as the data collection instrument, the study interviewed five (5) “Goro boys” in the Abossey-Okai Market in Accra. Five respondents were chosen as a sample size because Mack, Woodsong, MacQueen, Guest, and Namey (2005) noted that there are no strict rules on the number of respondents to be interviewed, but rather that it is the quality of the information received. Again, the choice of a sample size of five (5) is in line with a proposal made by Creswell (2007) who noted that a sample of four

(4) and above is appropriate for a qualitative study. The interviewees (participants) were selected based on snow balling sampling. Since this study employed the case study design, it adopted the thematic data analysis in analyzing the data collected from the interviews. In addition, a summary of the findings was given to all respondents to confirm if they have been well represented, and furthermore make suggestions (Si & Bruton, 2005).

### 1.9 Limitations of the Study

Since the researcher employed the snowballing sampling approach in selecting the interview members, it could be possible that other people who could have provided the researcher with more vital information were left out during the sampling. Indeed, not all the "Goro boys" could have been selected for the study since a large group size has its attendant challenges, including obstructing the flow of discussion as there would be several people involved, and time constraints. Nonetheless, the researcher tried to select a homogenous group as much possible ascertain differing views. Furthermore, the direct focus of this study was on micro-enterprises and strictly among the "Goro boys" at Abossey-Okai Market in Accra. The findings, therefore, were limited in terms of generalizability; it is therefore not known if the findings are applicable to micro-enterprises that operate in other sectors within the country.

### 1.10 Chapter Disposition

Chapter one introduces the entire study with a general background on current academic knowledge within the informal economy. The chapter further discusses the research problem, purpose of the study, research objectives, research questions, study methods, the contribution of the study, delimitation, and significance of the study. Chapter two reviews the theory underpinning this study. The chapter also reviews evolution and definition of entrepreneurship, the definition of microenterprises, the potential of micro-enterprises, constraints to growth of microenterprises, informal operators, the concept of growth, typologies of growth and perception of growth indicators for micro-enterprises.

Chapter three discusses the context of the study: the socio-economic and geographical variables of micro-enterprises within the Abossey-Okai Market in the Greater Accra Region of Ghana. A brief discussion on "Goro boys" is also provided in the study. Chapter four discusses the methodological issues in the study. The chapter explains and justifies the research paradigm, design, approach, study population, sample size, sampling techniques, data collection procedures and instruments, the method of data analysis, interpretation and presentation of findings, research reliability and validity, and ethical considerations.

Chapter five presents findings, analysis and discussion of study results. Chapter six summarizes and concludes on the research findings by providing answers to the research questions, making the summary and drawing relevant conclusion and recommendations for policy and research implications.

# CHAPTER TWO

# CONTEXT OF THE STUDY

## 2.0 Introduction

In order to aid understanding of the context within which this research is being conducted, a confab of adequate knowledge is required. Therefore, this chapter discusses literature on formal and informal operators, a brief history of Abossey-Okai Market and "Goro boys" activities in Ghana.

## 2.1 Formal Sector

This study examined whether there is alternative growth indicator that could be considered for micro-enterprises. The study provides a brief discussion on formal enterprises in order help focus this study on "micro-enterprises" from formal enterprises. The term formal sector is defined as economic activity that occurs within the purview of state regulation (Kay, 2011). Formal enterprises are businesses that operate in a legal framework of the business environment. Formal enterprises operate in a formally registered business. Entrepreneurs or owners for formal enterprises are qualified entrepreneurs who aim at maintaining the quality of service/products produced and meeting the obligation of tax payment for public services like judiciary and security (Mitra, 2013).

Activities of formal enterprises are documented and recognised by the legitimate framework. They are authorised to use public goods and services (such as water, electricity, roads) through the protection of state institutions and property rights, and they can have access to loans or support from financial institutions (Straub, 2005). As a result, these enterprises can provide customer needs well in terms of quality and quantity (Ihrig & Moe, 2004) and are more efficient (Kathuria & Raj, 2013) in terms of planning the business (Amoah-Mensah, 2016).

## 2.2 Informal Sector

In the seventies, Hart conceived the idea of informal sector or economy and essentially utilized it for micro-enterprises that were outside the domain of government supervision and levy while conducting research in Ghana (Hart, 1973). He established that many individuals outside the formal sector were in fact engaged in gainful self-employment, hence his coining of the term "informal economy" (Hart, 1973). The informal economy covers all sorts of employment outside the formal sector. The ILO (2002) indicates that informal employment includes agricultural day labourers and urban street vendors. The informal sector usually represents unregistered, unregulated, and untaxed businesses in addition to service enterprises, production activities, and street seller sales.

By contrast, the formal economy includes businesses that are taxed, registered and regulated (Spring, 2009; Kus, 2014). Researchers agree that the informal sector has characteristics such as dependence on local resources, ease of entry, small-scale operations, family ownership, labour intensive, adaptive technology, skills acquired outside of the formal economy, unregulated and competitive markets, and can be formed through any informally organized activities (Bangasser, 2000; Hart, 1973).

On the other hand, informal operators do not operate in the formal and legal business environment. Informal businesses are normally described as the unregistered and illegal businesses. For instance, the International Labour Organisation (ILO) noted that the "informal economy/economy" was first introduced in 1972, and scholars have classified it as underground economy, unobserved economy, shadow economy and hidden enterprise (Webb, Bruton, Tihanyi, & Ireland, 2013). In the millennium era, there is a widespread recognition of activities of informal operators in the informal economy (Schneider, 2013; Williams, 2014). These activities found within the informal economy (Williams, 2014) comprise informal sets of activities including paid jobs, which are classified as illegal due to non-tax declaration.

Informal activities are also seen as an unregulated, insecure and low paid driven activities conducted out of necessity and desire for survival and as a last resort by individuals who are excluded from the formal labour market (Gallin, 2001; Slavnic, 2010; Taiwo, 2013). Informal operators are seen as those starting a business or are the owner/manager of a business who engage in monetary transactions not declared to the state for tax benefit and/or labour law purposes when they should be declared, but which are legal in all other respects (Williams & Nadin, 2012).

Ghanaian entrepreneurs generally invest and set up their businesses in the informal economy because there are limited opportunities available in the formal economy (Amoah-Mensah, 2016). Essentially, entrepreneurs in Ghana may well be understood and be motivated by the intrinsic rewards and satisfaction that comes from business ownership (Chu, Benzing & McGee, 2007). Within the context of Ghana, Accra, a capital city in Ghana is dominated by activities of informal operators such as street hawking, night markets among others. In fact, the Ghana Statistical Service in 2008 reported that 85 per cent of the Ghanaian workforce operates within the informal sector.

This is evidence that informal operatorship has become the main economic activity employing over 80 percent of the total working population of Ghana (Adom, 2016). Essentially, these entrepreneurs find themselves in the informal economy owing to the perception that it provides a means for survival. The main potential and the motivating factor of the Ghanaian entrepreneur as uncovered by Chu, Benzing, and McGee (2007) are: ability to prove that they could do it; public recognition; ability to provide jobs for family members; job security; and to build a business, which they can pass unto posterity.

In Ghana, for instance, informal economy represents the 'mainstream' economy with over 80 per cent of all jobs of the national economy in this sector (Adom, 2014; Adom & Williams, 2014; Debrah, 2007). The opportunities in the informal economy available to the informal operators have encouraged them to operate in the informal economy (Suhaimi, Al Mamun, Zainol, Nawi, Permerupan & Malaryizhi, 2016).

The informal economy in Ghana is made up of proprietary of micro and small-scale enterprises. It consists of producers, wholesalers, retailers and consumers. There are also intermediary service providers along the value chain such as suppliers of raw materials to manufacturers on a contractual basis. Informal economy workers are largely self-employed persons such as farmers, traders, food processors, artisans and craft-workers to mention but a few. The sector consists of varied activities. In rural Ghana, informal economy work mainly involves agriculture (75 per cent) (GSS, 2014), fishing and fish processing, and agro-based processing. In contrast, more urban workers (43 per cent) are engaged in non-agricultural activities.

Informal economy workers escape the regulation of government and, as a consequence, suffers neglect of policymakers. Often times, informal economy workers are victims of policy interventions (e.g. city decongestion) initiated by local governments - Metropolitan, Municipal and District Assemblies (MMDAs) - as mostly seen in Accra and Kumasi metropolis. Their escape has culminated in evasion of their civic responsibilities such as tax payment and other responsibilities associated with their work.

For instance, many employers in the informal economy do not honour labour obligations set out in the Labour Act (Amoah-Mensah, 2016). A significant number of informal economy workers in Ghana are trapped in poverty as they do not earn enough to lift themselves and their families out of poverty. Linked to the high prevalence of poverty among informal economy operators is the lack of access to productive resources, especially capital. It is estimated that between 80-90 percent of the population in developing countries have limited or no access to credit facilities beyond what is provided by family members, friends or informal money lenders (Amoah-Mensah, 2016). It is imperative to recognize that informal operators trading in illegal goods and services (e.g., drug trafficking, arms trafficking) are not part of the informal operators under consideration in this study.

## 2.3 History of Abossey-Okai Market

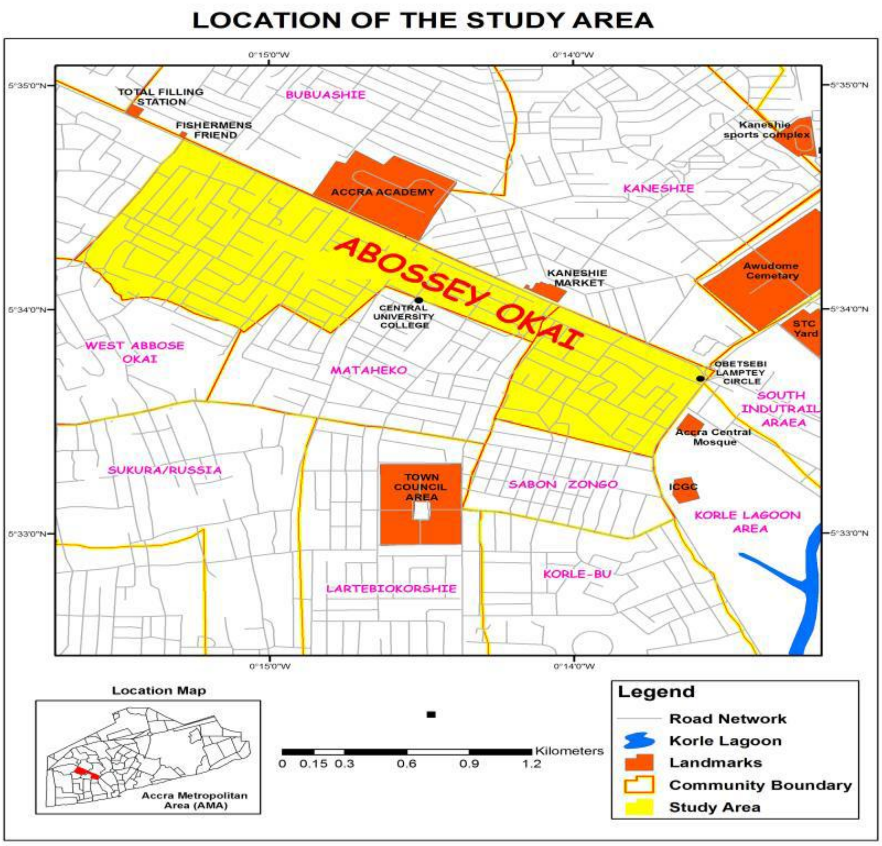
Abossey-Okai is a large commercial area sandwiched between Korle and Kaneshie Markets. It is located west of Accra with numerous shops dealing in both used and new imported automobile spare parts. The market is comprised of a few vehicle repair units and shops dealing in scrap metal. Abossey-Okai Market used to be mainly a residential area but as a result of the process of succession and invasion, the whole zone has now been virtually taken over by commercial land uses. According to Mr. Asare (a dealer at the market), he was the first to establish a spare parts shop in Abossey-Okai in 1978 after working for an auto parts company for seventeen (17) years (Yankson & Owusu, 2015).

He later asked a colleague, Mr. Owusu, previously operating a spare-parts shop at Tudu in central Accra to join him in 1979. Ten more people joined them after three years. They later acquired land and established their own shops as the area was virtually empty with only a few residential buildings. Abossey-Okai is presently reputed to be the largest market dealing with automobile spare parts in West Africa (Yankson & Owusu, 2015). The vehicle parts market, which is regarded as the hub of the spare parts business in the country, houses over fifteen thousand shops (15,000) shops, with each shop employing an average of two persons

(Yankson & Owusu, 2015). This brings the total population of spare parts dealers in the area to about thirty thousand (30,000).

From a cursory view, there are different groups of spare parts dealers operating in Abossey-Okai, namely: floaters/facilitators (popularly referred to as “Goro boys or At First”); dealers selling both new and used imported spare parts; operators dealing with only new imported spare parts; wholesalers of imported used parts from whom others buy and retail to customers and auto-repair garages; scrap metal dealers; and table-top shops packed with auto spare part and accessories (including engines, pistons, brake pads, lights, bumper, doors, spark plugs ignition switch, radiators, windshields, mirrors, rims, fan belts etc.) (Yankson & Owusu, 2015). These activities form the core of the activities of the informal operators that this study focuses on.

**Figure 2.1: Graphical representation of Study Area: Abossey-Okai in Accra, Ghana**




*(Source: composed in the EDS GIS Lab, March 13, 2013)*

### 2.4 Activities of "Goro boys" in Ghana

Generally, "Goro boys" serve as expert "facilitators" in business transactions, making goods and services available to buyers, especially those who may be busy, thereby saving them from the frustrations involved in looking for items or journeying to the market or main shops. They assist customers to acquire what they need in a faster and more timely manner. They are stationed at vantage locations in the market area where they spot prospective customers and rush to them for business transactions.

The location for the sale of goods or rendering of service depends on the strategy employed by each "Goro boy". These forms of entrepreneurs do not own shops or premises, but associate with shop owners and traders who sell those items or render such services and then serves as the facilitator between the customer and the seller or the service provider. It is one of the oldest forms of trading in Ghana. Whilst there are no official records on "Goro boys" activities in Ghana, oral traditions and observations from a non-academic context relate that the concept started from urban communities as it is a common phenomenon on the streets and marketplaces.

However, in recent years, the practice has become more prevalent, owing to the surge in unemployment. The Ghana Statistical Service in 2014 revealed that the rate of unemployment among the age group 15-24 was 10.9 per cent in Ghana and the overall unemployment rate from age fifteen (15) and above was 5.2 per cent in 2013. The rate of unemployment in 2013 for people with senior high school, post-senior high school diploma and university education (bachelor degree holders) was 11.7 per cent, 9.1 per cent and 5.9 per cent respectively and these percentages keep increasing.

Some of these graduates together with others, who might have some kind of education, formal or informal or with no education at all, end up in the informal economy by setting up their own microenterprises. It is usually the poor who engage themselves in this form of business as a survival or coping strategy in an attempt to make ends meet. The rural-urban drift is also a contributory factor to people's decision to go into "Goro" activities. The practice is also intensified by the weak welfare systems and the neglect of developing rural areas (Amoah-Mensah, 2016).

It is important to note that there is a general perception in Ghana that Goro activity is illegal. However, a cursory view shows that these "Goro boys" serve as expert facilitators who trade in car spare parts. "Goro boys" operate without appropriate permits, flout zoning regulations, hide tax liability, and do not adhere to formal contracts with customers. The service providers that can be identified include those who facilitate the processing of passport and driver's license (these are considered as the illegal ones). Others sell goods, and trade in items like clothes, hard wares, stationery, etc.

As well, there are "Goro boys" who deal in the sale of vehicle spare parts in places like Odawna, Kokompe in Darkuman and Abossey-Okai, who are the focus of the study. Most of the "Goro boys" at Abossey-Okai are noted for sale of second-hand spare parts from broken down vehicles and some from imported second-hand spare parts who usually obtain their supplies from store owners and tabletop operators of used parts at Abossey-Okai and from remnants of imported second hand parts. Previous research by Yankson and Owusu (2015) revealed that bulk of the 'Goro' boys (67%) had been operating their business for between a year and eight (8) years and about 77% have never sought for any secured financial assistance to operate. This shows how lucrative their activities can be.

However, pedestrians, city authorities, and the general public have criticized "Goro" activities. They complain that "Goro boys" occupy pavements and walkways, obstructing the movement of pedestrians and sometimes giving opportunities to pickpockets to steal from them/snatch their bags or for confident tricksters to dupe them. “Goro boys” likewise endanger their lives and those of pedestrians, as vehicles sometimes knock them down. Still, “Goro boys”, particularly, the mobile ones are sometimes accused of selling expired items, items of inferior quality or items that do not measure up to the right quantity to the unsuspecting public. The trade is furthermore suffering from imitation spare parts on the market and this affects the reliability and quality of services rendered to clients by “Goro boys”.

Further, they face fierce competition from retailers or people with permanent shops or premises. “Goro boys” normally work under harsh conditions. For instance, they do not have permanent structures and are therefore subject to the vagaries of the weather (Amoah-Mensah, 2016; Yankson & Owusu, 2015). According to Yankson and Owusu (2015), city authorities persistently harass “Goro boys”. They are always asked to leave the area where they are operating or are relocated to areas where, they feel, do not promote brisk business. In spite of these criticisms and challenges, “Goro” activities are still vibrant and commonplace in Ghana. Anecdotal evidence also shows that in Ghana, “Goro boys”' activities account for one of the largest percentage of informal jobs after street vending and home work. Clearly then, “Goro boys” have adopted some strategies to remain competitive.

In effect, there is enough evidence (Yankson & Owusu, 2015) to show that, indeed, these “Goro boys” have the potential to grow. This notwithstanding, literature misapplies growth characteristics to micro-enterprises; and when this happens, the assumption is that micro-enterprises do not grow. May be the concept of growth differs from the criteria applied to formal enterprises. To this end, this current study attempts to investigate if alternative growth indicators exist for these “Goro boys” in Abossey-Okai Market in Accra.

# CHAPTER THREE

# LITERATURE REVIEW

## 3.0 Introduction

It is recalled that the purpose of this study is to examine what micro-enterprises consider as growth indicators. This chapter entails a review of extant literature on the broad concepts of micro-enterprise and growth in relation to the objectives of the study. The understanding of micro-enterprises and growth is explored through a review of various definitions and conceptualizations presented by researchers. This chapter reviews literature along the following thematic areas: evolution of entrepreneurship; the concepts and definition of entrepreneurship; definitions of micro-enterprise; micro-enterprise sector in Ghana; potential of micro-enterprises in Ghana; nature of micro-enterprises in Ghana; constraints to growth of micro-enterprises in Ghana; the concept of growth; typologies of growth indicators; empirical review; as well as the framework for solving micro-enterprise challenges. The chapter also examines the institutional theory and how these institutions affect the growth of micro-enterprises, especially within the context of the study.

## 3.1 Evolution of Entrepreneurship

To understand the phenomena of micro-enterprise, it is imperative to go back and understand the roots of the entrepreneurship concept. In the 1700s, French economists Richard Cantillon established the term "entrepreneur" as a French term "entre prendre", which means "to undertake" (Hebert & Link, 2009; Carlsson, Braunerhjelm, McKelvey, Olofsson, Persson, & Ylinenpää, 2013). In 1755, Cantillion's famous publication, "Essai sur la nature du commerce en general", which means "Essay on the nature of the trade in general" developed the term entrepreneurship, which gave the entrepreneur a commercial implication and a role in decisions concerning the development of the economy (Cornelius, Landström & Persson, 2006). Consequently, Cantillion described an entrepreneur as a person who equilibrates the demand and supply in an economy, therefore assuming all the uncertainties or risk involved (Bula, 2012).

In the 1800s, another French economist, Jean-Baptiste Say, further supported the use of the word 'entrepreneur' (Kreft & Sobel, 2003). According to Kreft and Sobel (2003), an entrepreneur is someone who generates value by channelling productive resources from unproductive areas to more creative regions for economic benefits (Buame, 2012; Kreft & Sobel, 2003). Therefore, the entrepreneur is viewed as a protagonist of economic activity by this economist (Stevenson & Jarillo, 1990).

In the 20th Century, two economists, Joseph Schumpeter and Israel Kirzner, redefined the theoretical meaning and understanding of entrepreneurship. Views and definition of Joseph Schumpeter and Israel Kirzner redefined the term entrepreneurship, which has become prevalent in contemporary literature in entrepreneurship. Even though similar views and definitions of entrepreneurship have emerged, recent definitions are just minor variations of the two (Hansemark, 1998). Joseph Schumpeter and Israel Kirzner views have emerged to be the Schumpeterian and Kirznerian schools of teaching.

Schumpeter observed that entrepreneurship should be viewed from the "creative destruction" perspective, which means a distortion in market equilibrium leading to development (Betta, Jones & Latham, 2010). According to Joseph Schumpeter, entrepreneurship means a new process where an individual or group of people create something that is entirely new, including: a new source of material; a new product; a new method of production; and a new market, which have not been previously unexploited (Buame, 2012).

A careful look at the definition of entrepreneurship by Schumpeter implies that entrepreneurship is a process of creating a novel or new product or service, significantly new and differs in the market (Curran & Stanworth, 1989). The Schumpeterian view of entrepreneurship considers entrepreneurship as having innovative tendencies that come from within the entrepreneur, that is, the person carrying out the entrepreneurial activity (Betta et al., 2010). Schumpeter further stressed the benefits of an entrepreneur's creative destruction tendencies is the innovation or originality of products that renders old or existing products obsolete in the market.

On the other hand, the Kirznerian school of taught looked at entrepreneurship as the identification and the exploitation of opportunities to meet or create new market demands, that is, the fulfilling of existing demands in new ways through the mobilization and the assembling of resources in new organizational forms (De Jong & Marsili, 2011). Similar to Kirzner's view, other scholars such as Zimmerer and Scarborough (2008) posited that entrepreneurship is the process of identifying significant market opportunities and organizing necessary resources with the sole purpose of achieving profit and growth in the face of risk and uncertainty. Roininen and Ylinenpaa (2009) further noted that the Kirznerian School of taught considers entrepreneurship as seizing opportunities and developing them for benefits.

Considering Kirzner's definition of entrepreneurship, Roininen and Ylinenpaa (2009) regarded entrepreneurship as the "alertness of new possibilities" (Kirzner, 1999). Nevertheless, Kirzner (1999) opine that the entrepreneurs' control of idiosyncratic market evidence offer the entrepreneur to spot various opportunities. However, this largely, depends on how information is distributed in the market.

### 3.2 The Concepts and Definitions of Entrepreneurship

In the last decades, the concept and understanding of "entrepreneurship" or who an entrepreneur is remained varied without consensus (Bridge, Hegarty, & Porter, 2010). As a result, a comprehension of the growth and development of entrepreneurship has become an important first move in knowing the concept of entrepreneurship, and especially its usage in the context of this study. This is because a better appreciation of entrepreneurship will help to understand how entrepreneurs grow, what growth means to them and the extent of growth of entrepreneurial activities. The extant literature further indicated that the subject of entrepreneurship is multifaceted, which involves critical consideration at the global, national, regional, sectoral and individual approaches (Davidsson, 2004). Therefore, this study briefly reviews empirical definitions of entrepreneurship from a global to an individual perspective.

As indicated earlier, many recent descriptions of entrepreneurship are slight variations of Kirzner and Schumpeter's explanation. From the global perspective, global institutions, agencies, and organizations have defined the concept of entrepreneurship with varied descriptors. The concept of entrepreneurship represents a human activity directed in search of new products, practices, or markets (Ahmad & Hoffman, 2008). Again, the Global Entrepreneurship Monitor (2007) defined entrepreneurship as the creation of a new business venture, both formal and informal.

World-renowned organisations such as the Organisation for Economic Cooperation and Development (OECD) and the Global Entrepreneurship Monitor (GEM) have defined entrepreneurship and who an entrepreneur is. According to GEM, entrepreneurship is "any attempt to create a new business enterprise or to expand an existing business by an individual, a team of individuals or an established business" (Autio, 2007). OECD regarded entrepreneurs as change agents who act to produce, distribute and apply inventive ideas through the spotting of likely lucrative opportunities while making judicious use of resources and solely bearing all the risk involved in the process (OECD, 2003).

Kirzner posited that entrepreneurship involves identifying and examining chances to generate new market demands. This involves fulfilling previous demands in novel ways by mobilising and putting together resources in new organizational arrangements (De Jong & Marsili, 2011). Recognizing the differences in global focus and scope of each definition above, Gallup defines "entrepreneurship" as activity initiated to create value by providing products and services to a market, fulfilling an unsatisfied demand.

The activity can include initiating and developing a new product/service (innovative) or replicating products/services that already exist, thus creating competition (replicative). Gallup's framework for the definition of entrepreneurship covers businesses or entrepreneurs in the informal and formal sector. However, Shane and Venkataraman (2000) observed that entrepreneurship is an activity that presents new goods and services by discovering, evaluating and exploiting opportunities by way of putting together a firm's processes, resources and market that previously did not exist in or outside the firm.

In developing countries such as Ghana, several definitions of the term "entrepreneurship" have emerged in recent times. Buame (2012) explained that entrepreneurship is an inventive process where a potential group or individual recognizes and take hold of the opportunity (be it a business or idea) by putting together available resources to transfigure those opportunities into feasible/marketable products or services. According to Buame, the ability for the entrepreneur to add value to these recognised opportunities through effort, time, money or skills, the entrepreneur learns to become a risk bearer and appreciates the reward for his efforts (Buame, 2012).

Stevenson (2004) provided a simpler definition by concentrating more on exploring rather than the exploiting of resources. Stevenson described entrepreneurship as the process of exploring opportunities without considering the resources that the entrepreneur currently controls. Quaye and Acheampong (2013) defined entrepreneurship from the innovation point of view. According to them, an entrepreneur has to be innovative. These forms of innovation could either be new methods of production, new markets, new products, new process and others.

In order to understand and appreciate the focus of this study, it is important at this stage to briefly understand the concept of the entrepreneur, and distinguish between formal and informal operators in order to direct the focus of the study. Within the broader definition of entrepreneurship is the entrepreneur who is the agent of the entrepreneurial activity. An "entrepreneur" appears for the first time in the text written by Cantillon (1755) entitled "Essai sur la Nature du Comerce en Général". The word "entrepreneur" refers to an individual who purchases products at known prices and later resells them on the market at prices not known, bringing stability to the market system.

Schumpeter (1934) added that an entrepreneur is an innovator who introduces something new to the market. "…Kirzner (1997) – authors' own addition) stressed the fact that the entrepreneur is the decision maker in a particular cultural context, who commands a range of behaviours that exploit these opportunities". Essentially, activities of entrepreneurs have contributed significantly to the economic development of both developed and developing countries (McCann & Ortega-Argilés, 2016; Karadag, 2015; Abor & Quartey, 2010). Entrepreneurs have since been attributed to the various roles that they play within their firms; serving as drivers of small and large industries. More specifically, activities of entrepreneurs have significantly reduced unemployment rates, generate revenue for the government and the populace, as well as serve as an avenue for innovation, hence classified as the catalyst for economic growth (Taiwo, Falohun & Agwu, 2016; Imeokparia & Ediagbonya, 2014).

Scholars such as Buame (2012) and Bruyat and Julien (2001) came out strongly to provide a useful insight into the linkages between entrepreneurship and entrepreneur. According to Bruyat and Julien (2001), entrepreneurship largely is about the creation of new value and a process of change, and that process will then lead to the formation of the entrepreneur. In the same way, Buame (2012) considers entrepreneurs as agents of change and they become so by an identifying and exploring process, which he stated to as ‘entrepreneurship’.

Thus, the foregoing definitions have placed entrepreneurship as a process while positioning the entrepreneur as the person in-charge of the entrepreneurial process. Further, these definitions surmise that entrepreneurship can, therefore, be referred to as the capability to spot unanticipated opportunities within or outside an organisation and converting these opportunities with the necessary resource into lucrative ventures typically in the midst of uncertainty. In the case of “Goro boys”, these individuals exhibit similar significant characteristics of general entrepreneurship: proactive, risk taking, innovative. These characteristics show a level of similarity between the activities of “Goro boys” and general entrepreneurship. Having discussed the differences between entrepreneurship and entrepreneur, the researcher will then focus on the entrepreneur, which is the central focus of this study.

### 3.3 Definition of Micro-enterprise

Various researchers have given varied definitions to this category of business in extant literature as mentioned by Muleta (2016), and there is no universally accepted definition of micro-enterprises. Different countries and regions have defined micro-enterprises based on local operations and conditions. It should be noted therefore that certain definitions may not be applicable in certain geographical areas or settings. Some attempt to use the capital assets while others use the skill of labour and turnover level. Others define micro-enterprises in terms of employment size, their legal status and method of production (Muleta, 2016). In the same vein, firms differ in their level of capitalization, sales, and employment (Kayanula &

Quartey, 2000). Thus, a definition for micro-enterprises, which employ measures of size when applied to a particular industry, may not be suitable for another industry.

The European Commission (2003) defines micro-enterprises as enterprises that employ fewer than five (5) workers. In effect, the EC definition is based solely on employment rather than a multiplicity of criteria. Similarly, UNIDO used the number of employees to differentiate micro-enterprises in industrialized economies from micro-enterprises in developing economies. In developing countries, businesses with fewer than five workers are considered as micro-enterprises. Servon (2000) defines micro-enterprise as a business of low income people.

Interestingly, Chua Chrisman and Steier (2003) defines micro-enterprises as activities in which the poor are engaged. Most of these activities are small in scale, hence, "micro" in terms of inputs, processes, outputs, and markets. Chua et al. elaborated that the processes for the micro-enterprises usually requires simple technology, skill, and labour. The capacity of goods and services they produce are equally small. Since microenterprises are known for serving low-income markets, the number of customers they have and their geographical scope are limited. Few microenterprises serve markets beyond their immediate territory and rely mainly on a network of loyal buyers or customers. As stated earlier, it is important to know that there are varying definitions due to the contextual differences in the economic systems as well as differences in the variables used in describing micro-enterprises globally. A careful look at all these definitions above suggests that variables such as the number of employees and operational activities seem to be consistent across contexts.

### 3.3.1 Micro-enterprises in Ghana.

Different criteria have been used to describe micro-enterprises (Muleta, 2016; Kayanula & Quartey, 2000). However, these definitions differ from authors and institutions. In applying this definition, however, confusion often arises with respect to the uncertainty and the definite measure to use (Dalitso & Quartey, 2000). For instance, Osei, Baah-Nuakoh, Tutu and Sowa (1993) define micro-enterprises as enterprises that employ below six (6) workers. Recently, the Regional Project on Enterprise Development Ghana defines micro firms as those which constitute less than five (5) employees (Teal, 2002).

Alternatively, the Ghana Statistical Service (GSS) utilized the 'number of employees' criteria to define micro-enterprises. According to Ghana Statistical Service, micro enterprises employ up to 10 employees. Also, The Ghana Enterprise Development Commission (GEDC) applies the 10 million Ghanaian cedis upper limit definition for plant and machinery. It is important to note that the process of valuing fixed assets is problematic, due to the continuous depreciation of the local currency (i.e. GH¢) as compared to major trading currencies (such as USD/British Pound Sterling). This often makes such definitions outdated (Kayanula & Quartey, 2000, cited in Preprah, Mensah & Akosah, 2016).

For the purposes of this study, microenterprise is conceptualised to connote meanings of businesses solely owned and managed within homes and street corners. The choice of this definition is reflective of the nature and mode of operation of micro-enterprises in Ghana, which also allows for a wider inclusion of many micro-enterprises. After defining micro-enterprises, it is important to look at their potential.

### 3.3.2 Potential of Micro-Enterprise

Studies in both advanced and emerging countries have highlighted the progressive role that micro-enterprises play in any given economy (Muleta, 2016; Karadag, 2015; Paul, Whittam, & Wyper, 2007). Globally, micro-enterprises are said to account for approximately ninety-five (95) per cent of all the companies in the world; and reputed as the engines of business development, alleviating poverty and improving equality.

According to Liedholm and Mead (2013), microenterprises contribute to the development process through improving household income thereby improving welfare, building self-confidence and empowerment, bringing political and social stability, and carrying changes in the distribution of income and the demographic situation. It also has the advantage of cheap labour and flexibility of operations along with indigenizing technology (Smallbone & Wyer, 2000). Although there are many arguments on the overall contribution of micro-enterprises in the new employment as well as its contribution to gross domestic product (GDP), it is considered as an important source for employment creation and generating income for the poor in many developing economies (Yankson & Owusu, 2015; Curran & Blackburn, 2000; Hamilton & Dana 2003). Thus, the development of micro-enterprises to accelerate economic growth is the new trend for global economic policies, especially that of Africa (Calza & Goedhuys, 2016; Robson, Haugh & Obeng, 2009).

In Ghana, microenterprises account for a large section of employment in emerging countries and they are expected to increase in importance in the future (Seitz, 2017). Micro-enterprises constitute 90% of current businesses in Ghana and provide approximately 85% of manufacturing employment (Aryeetey, 2001), and also providing basic goods and services, and creating jobs for the development of Ghana (Frimpong, 2013). Micro-businesses provide support to large companies by supplying goods and services in small quantities, which in turn aid them to achieve competitive advantage (Majumdar, 2008).

Aryeetey and Ahene (2004) described micro-enterprises as the seedbed for indigenous entrepreneurship. That is to say, those micro-enterprises have provided a podium for homegrown private enterprises to spring in areas and industries that were generally ignored. These micro-enterprises have generated many little investments, which would otherwise not have taken place. A combination of these investments has given rise to indigenous entrepreneurship in Ghana (Alembummah, 2015). Baumol (2004) suggests that micro enterprises will always be considered important for the growth of developing economies such as Ghana. Hence, it is critical to pay attention to the growth indicators of this sector. There are different views on the growth of micro-enterprises. This will help to clarify the myth about micro-enterprise growth, especially in developing countries such as Ghana.

### 3.3.3 Characteristics of Micro-enterprises in Ghana

Extant studies on microenterprise growth emphasize growth indicators without first characterizing the nature of microenterprises in their analysis. This study argues that the formal sector growth indicators are not related to the characteristics that the informal sector operator exhibits and therefore the study of such characteristics will provide a better insight into understanding the growth indicators of these operators.

There are several characteristics defining micro-enterprises. According to the Ministry of Trade and Industry Report (2004), the majority of businesses in Ghana's economy are micro-enterprises. Mensah (2004) discovered that there is no factual data (partly because many of these micro-enterprises are unregistered) on the exact number of micro-enterprises in the country. Microenterprises in Ghana reside within the informal sector. The two terms differ only in terms of the perspective by which economic activities are viewed. Most microenterprises lack the aspect of "formality" in terms of registration, organization, work and management arrangements within the enterprise.

According to Mensah (ibid), micro-enterprises in Ghana are little and petty business activities, usually dominated by one person, without employing anyone. These sole proprietors usually have limited formal education, and lack information in the use of new technologies and the credit market. Micro-enterprises usually start with a very small scale to meet local needs, which can result from an innovation or new activity. The majority of micro-enterprises have the capability to respond to market and customer demands in a timely manner (Amoah-Mensah, 2016). They require external support to flourish and thrive. Activities of micro-enterprises are based on local inputs and a local market.

In Ghana, most micro-enterprises are established as a livelihood option to cater for the cost of day to day living. The profit motive is secondary. Usually, the majority of micro-enterprises operate in the informal sector or economy. The neighbourhood "Gari" store, the fish and food stalls, street vendors, repair shop or even the "Goro boys" are some examples. Microenterprises possess other dominant characteristics. Most micro-entrepreneurs in Ghana operate their microenterprises in their homes (e.g., sewers and other home-based craft producers) while others do not have fixed or permanent locations (e.g., "Goro Boys" or food vendors) (Amoah-Mensah 2016).

Micro-enterprises are set up with little investment in fixed assets and inventory. Mostly, they operate on a cash and carry system. The micro-entrepreneurs sales or finances of the business may not be distinguished from any other kind of income of the owner or household earning (Ackah & Vuvor, 2011). Although micro-entrepreneurs require low capital and assets to start a micro-firm, these enterprises, in general, show very high rates of return vis-à-vis the low level of investment needed. For example, a fish vendor could make a return of 25 percent per day, if he/she buys five kilos of fish at GHS80/kilo then sells this at GHS100/kilo. Such high rates of return could be one underlying reason why most micro-entrepreneurs choose informal moneylenders to be their source of capital despite the high interest rate charged by the latter.

Aryeetey and Ahene (2005) discovered that most micro-enterprises begin small and end small with no form of growth regarding the output and number of employees. Furthermore, the growth propensities of micro-enterprises are low in spite of their profitable operations. This is confirmed in Degenhardt et al's observation in 2012 that only one percent (1%) of micro-enterprises progress into small enterprises. Therefore, micro-enterprises need additional concentration in order to prolong their potential for growth, expansion, and lifespan. Thus, this study investigates if there are alternative growth indicators used by micro-enterprises in measuring growth. The revelation of these growth indicators will go a long way to answer the myth about micro-enterprises growth, especially in developing countries such as Ghana.

### 3.4 Concept of Growth

Over the years, literature has not reached consensus regarding the definition of growth especially in the context of micro-enterprises (Leitch, Hill & Neergaard, 2010; Watson, Stewart & BarNir, 2003). Penrose and Penrose (2006) defined growth as the product of an internal process of an enterprise and an increase in quality and/or expansion of the business. Growth is likewise defined as "a change in size during a determined time span" (Dobbs & Hamilton, 2007). Brush, Ceru and Blackburn (2009) defined growth as a "geographical expansion, increase in the number of branches, inclusion of new markets and clients, increase in the number of products and services, fusions and acquisitions".

In Paige and Litrell (2002), enterprise growth was defined by both intrinsic criteria (including independence and liberty, ability to control a person's own future, and being one's own boss) and extrinsic outcomes (such as increased financial returns, personal income of the owner of the business, and wealth). Sandberg (2003) further defined growth as the ability to contribute to job and wealth creation through business start-up and survival. Gartner and Brush (2006) defined growth as the phase when the firm seeks additional resources, builds the management team, and expands into new markets. Thus, Wood (2006) and Chittithaworn et al. (2011) further underlined that growth represents the firm's ability to create acceptable outcomes and actions. Generally, growth has been perceived quantitatively or qualitatively describing growth measures that occur from an intended and planned activity (Yildiz, 2010). Therefore the next section of the study will discuss the various indicators for growth measurement.

### 3.5 Typologies of Growth Indicators

Different growth indicators exist in the literature, which is mostly applied in the formal economy. However, literature has misapplied these formal growth indicators to micro-enterprises, which appear to suggest that micro-enterprises are not growing. In reality, the indicator may not provide real growth indication for these micro-enterprises. Generally, the major hurdle that needs to be overcome in every business is to determine the appropriate growth indicators to apply (Degenhardt et al., 2012). This section of the study presents some typologies of growth indicators in the literature, which are largely derived from the formal sector.

Extant investigations have revealed that firms may use different indicators of growth, which include sales levels, profitability, number of employees, and market share (Gilbert, McDougall & Audretsch, 2006; Shepherd & Wiklund, 2009). Similarly, Achtenhagen, Naldi and Melin (2010) identified other indicators as an increase in sales, increase in the number of employees, increase in profit, increase in assets, increase in the firm´s value and internal development. However, applying these indicators to micro-enterprises will suggest that they are not growing; but in reality, their growth indicators may be different from what exists in the literature.

Baron and Markman (2003), in the general description of growth indicators, made a distinction between financial and operational (non-financial) growth indicators. Considering the applicability of financial and non-financial growth indicators, extant literature reported that financial indicators have been regarded as the most trustworthy indicators of firm growth (Santos-Requejo & González Benito, 2000; Harada, 2003). After identifying the deficiencies of the financial indicators, Oyeku, Oduyoye, Asikhia, Kabuoh and Elemo (2014) proposed a broader concept of growth that includes non-financial indicators. Consequently, researchers have come up with indicators such as market share (Bamford, Dean & Douglas, 2004; Zahra & Bogner, 2000), new products or product quality (Gilbert, McDougall & Audretsch, 2006). The literature discourse on financial and non-financial growth indicators further explains why it is difficult to measure growth using the conventional financial indicators (Vossenberg, 2013).

The variability of growth indicators, measures or typology resonate with the assertion of Delmar, Davidsson and Gartner (2003) that measuring the growth of a firm is a multiple and varied measure. Iversen, Christiansen and Elklit (2011) found that one positive predictor of growth may actually be a negative predictor of another type of growth. For example, engaging in a major advertising campaign may increase sales growth but decrease growth in profitability (Bamford, Dean & Douglas, 2004). It has further emerged from the literature that sales growth is the most effective growth variable because it translates easily across industry contexts (Delmar, Davidsson & Gartner, 2003). For instance, Chandler, McKelvie, and Davidsson (2009) on growth explained the relationship between sales growth and employment growth over time. The findings revealed that these economic predictions hold in resource-constrained industries but are not supported in resource-munificent industries.

Similarly, Davidsson, Steffens and Fitzsimmons (2009) use Resource-Based View thinking to examine the relationship between profit and sales growth. Their findings challenge the commonly used assumption that growth is always a sign of growth and that unprofitable growth may lead to future profits via increasing market share, etc. Together, these studies show that different aspects of growth are not necessarily related but can become related over time. However, Shepherd and Wiklund (2010) found that employment growth seems to be the metric that shows the best concurrent validity. Further, they suggest that this finding helps to bring the accumulation of knowledge forward inasmuch as it points to the need to better pinpoint the particular aspect of growth that needs to be measured.

From the researcher’s perspective, the typologies of growth indicators as discussed represent growth indicators of formal enterprises (Jiménez, Palmero-Cámara, & González-Santos, 2016). They added that this could partly be explained by extensive focus by researchers, policymakers and researchers on entrepreneurs in the formal sector (Jiménez et al., 2016). According to Harris (2001), firm growth can be evaluated by the objective (traditional, financial indicators) and subjective (personally oriented) approaches.

Growth indicators have been predominantly measured using objective and subjective indicators. In an objective measurement, quantitative data (i.e. absolute performance data) is used as a basis for measurement. Objective indicators largely measure data that exist and is observed in terms of sales volume, net assets, employment number, market share, sales volumes, company reputation, return on investment (ROI), profitability, established corporate identity (Delmar, Davidsson & Gartner, 2003; Alasadi & Abdelrahim, 2007); whereas in subjective method what is measured is perceptive opinions about growth according to the competitors or company expectations (Wall, Michie, Patterson, Wood, Sheehan, Clegg & West, 2004).

Enterprise growth is exclusively stated by objective measures of growth, while growth from the perspective of owners/entrepreneurs/managers can be stated by both financial and nonfinancial measures of growth. According to Wall et al. (2004), growth is often equated with the achievement of clearly defined measurable performance targets, which on the other hand may be of a subjective nature as well as objective (financial).

### 3.6 Empirical Review

A growing number of studies on typologies and application of growth indicators in businesses have emerged in recent years (e.g., Harif, Hoe & Ahmad, 2013; Abban, 2009; Gebreeysus; 2007), but the majority of these studies have focused on enterprises in the formal sector. Further, these studies chose growth indicators that are largely drawn from the formal sector.

For instance**,** Harif, Hoe and Ahmad (2013) investigated the use of growth indicators by 27 small businesses from the agricultural sector. Their findings revealed that the sampled small businesses preferred using financial indicators as opposed to non-financial indicators. Specifically, 78 per cent of the sampled small businesses used profitability measures, 74 per cent used cash flows, while 44 per cent used a comparison of a financial budget for the actual financial growth. As far as the use of non-financial or subjective growth measures is concerned, Harif, Hoe and Ahmad's (2013) study revealed that 63 per cent of the small businesses used product and service quality measures, while 30 per cent used customer satisfaction measures. Although informative, the preceding study chose to focus on small businesses that operate within the formal sector. This current study takes up the challenge to focus on micro-enterprises that usually reside in the informal sector. Further, this study argues that the traditional growth indicators used by Harif et al., are largely drawn from the formal sector and may not be applicable to micro-enterprises within the context of this study.

In an African study conducted in Ghana, Abban (2009) examined the Empirical Investigation into Ghanaian graduates in enterprise. Abban traced 121 graduates who have set up their own microenterprises in five sectors: ICT, Electrical Rewinding, General Electrical, Tailor & Dressmaking, and Carpentry & Joinery. A field survey and case histories were used. Knowledge of experts was elicited to identify key competencies necessary for enterprise growth and competencies related to growth indicators that the graduates defined themselves. The findings took the view that growth is better understood if well-defined from the personal view of the owner of the business. The argument is based on the fact that some micro-enterprises define growth as a self-fulfilment. Some operators give higher value, for example, "to being own boss" than profit. Therefore, growth for these graduates is linked to mental satisfaction, something that cannot be captured easily using financial ratios.

In his study on Growth of Micro-Enterprises: Empirical evidence from Ethiopia, Gebreeyesus (2007) investigated some key determinants of growth and particularly employment expansion among microenterprises based on a survey covering nine hundred and seventy-four (974) randomly selected businesses in six major towns in Ethiopia. He attempted to provide some theoretical justification that assumed to use growth rates in sales (increase in sales), increase in capital assets and profits as more precise and potentially offering a more objective measurement as compared to other indicators of firm growth. They reported that these indicators tend to be susceptible, problematic and not credible. He further concluded that the growth of micro-enterprises measured in terms of employment since the start is affected by a variety of factors. Firm's initial size and age are inversely related with growth providing evidence that smaller and younger firms grow faster than larger and older firms and are consistent with the learning hypothesis but contrary to Gibrat's law.

Delmar, Davidsson and Gartner (2003) explored heterogeneity in how firms have achieved high growth. Using the population of all micro-enterprises in Sweden with more than twenty (20) workers in existence in 1996 (n= 11,748), they analysed their development for each year of the previous ten years (1987 to 1996). Using nineteen (19) different indicators of firm growth (such as relative and absolute sales growth, relative and absolute employee growth, acquisition growth versus organic growth, and the volatility and regularity of growth rates over the ten year period) the study revealed that different growth "measures and calculations affect model building and theory development differently".

Obviously, using an indicator or measure such as the number of employees or workers has several shortcomings. Delmar et al. (2003) further added that the number of employees or workers does not reflect "machine-foreman substitution, labour productivity increases, the degree of integration, and other make-or-buy decisions. Sales are easily available and relatively insensitive to capital intensity. However, they are unsatisfactory indicators because they can be influenced by a firm's arbitrary decisions (marketing strategies, financial decisions). Moreover, they can be influenced by the decision to vertically integrate certain production processes and are sensitive to inflation and currency exchange rates (Delmar et al., 2003). All high growth firms do not grow in the same way.

### 3.7 Constraints to Growth of Micro-enterprises in Ghana

Despite the potential role of micro-enterprises to enhanced growth and employment creation in any given economy, a number of constraints affect their ability to realize their full potential and therefore cannot be overlooked. Muthaih and Venkatesh (2012) suggest that many factors contribute to the growth of micro-enterprises; similarly, there are many barriers to growth. For micro-enterprises, barriers can be of two types, institutional and financial. An institutional barrier includes the enterprise's interaction with government, and issues related to legalization, taxation, and government support. Financial barriers will involve the lack of financial resources. However, Yankson and Owusu (2015) and Buame (2012) outlined some challenges facing the small and micro-enterprise sector in Ghana. These have been explained below briefly.

### 3.7.1 Poor Physical Infrastructure/Non-permanence of Business Location

Poor physical infrastructure including the non-permanence of business location is a major challenge to micro-enterprises in Ghana (Yankson & Owusu, 2015). Although the business clusters have existed for a long time, only a few micro-enterprises can be said to have some permanency of work-site but that site is chocked with all manner of operators sub-dividing their plots in order to accommodate others. Moreover, in Ghana, many places where micro-enterprises operate are flood-prone areas, especially those who sell in the market and along the pavements (Yankson & Owusu, 2015). The rainy seasons bring a lot of misery to the operators there. The challenge of inadequate infrastructure and non-permanency of business location is thus compounded by environmental constraints including sanitation. The workshop clusters do not have an adequate or appropriate solid and liquid waste disposal system. Some do not have any toilet facilities and solid waste is poorly handled.

### 3.7.2 Inadequate Capital or Financing

Yankson and Owusu (2015) mentioned inadequate working capital or financing as one of the major barriers to growth in micro-enterprises in Ghana. It is often said that, in order to make money, businesses should be willing to spend money; and this may be particularly challenging for micro-enterprises as they may not have the capital to spend (Hisrich & Drnovesk, 2002). The majority of operators in this sector are unable to access credit from the formal financial institutions. A Ghanaian survey revealed that thirty-eight (38%) of micro-enterprises find inadequate financing as an impediment to their development and growth (Aryeetey, Baah-Nuakoh, Duggleby, Hettige & Steel, 1994).

They either depend on their own saving or support from family and friends as well as from informal financial arrangements. Moreover, micro-entrepreneurs may be hesitant in search of outside help from venture capitalists or the likes for fear of losing autonomy of their enterprise (Bartlett & Bukvić, 2001). According to Yankson and Owusu (2015), spare parts dealers in Ghana are confronted with the challenge of the high cost of imported spare parts, cost of import duties and quality of spare parts. They also complained of imitation spare parts ruining their businesses.

### 3.7.3 Inappropriate Management Skills

In today's highly competitive environment, it has become imperative for enterprises to acquire the requisite skills needed to sustain its survival. Lack of managerial know-how places significant constraints on micro-enterprise growth. Although micro-enterprises attract motivated owners and managers, they find it difficult competing with small and larger firms; as King and McGrath (2002) noted that the majority of those who run these microbusinesses are individuals with low levels of education and are therefore unequipped to carry out managerial routines for their enterprises.

Although there are several institutions providing training and advisory services, there is still a skills gap in the micro-enterprise sector (Kayanula & Quartey, 2000). This is due to complacency on the part of some entrepreneurs as well as high cost of training and advisory services. For that reason, scarcity of management talent greatly impacts the growth of micro-enterprises. Micro-enterprises, in general, do not need highly skilled labour, because of the adoption of simple technology in their operations. However, when the need arises for specific managerial skills, the amount of skilled labour available is not enough. This limits the opportunities in that specialty; increases costs and reduces flexibility in managing the enterprise (Hayford, 2012).

### 3.7.4 External Constraints

Michael Porter explains the firms face threats when entering a new market. But these are the same threats an enterprise faces when they want to grow. Any of these threats could shake the growth of micro-enterprises (Hisrich & Drnovesk, 2002). This is because factors that affect the growth of these enterprises are linked to the market or environment in which the firm operates. Besides Porter's five forces, external barriers to growth may come from low patronage or demand of product or service from customers, difficulty in accessing raw materials, government interference, bad debt or late payments of bills by business customers, public procurement rules and legalities required of microbusinesses in exporting the product to other parts of the world due to stringent rules and regulations (Bartlett & Bukvić, 2001).

Further, the researchers noticed that micro-enterprises can likewise face external and internal barriers along with social barriers that would cover aspects of the market position of an enterprise, access to right kind of human resources, and access to the network (Bartlett & Bukvic 2001). Literature has shown that there are many other factors that would contribute to the failure of a micro firm. Micro-enterprises are dependent on the owner's insight, training, managerial skills, education, and the background of the entrepreneur. Often, lack of these characteristics is the cause of micro-enterprise failure (Gaskill, Van Auken & Manning, 1993). According to Baumann and Kayser (2012), the dominance of the micro-enterprise sector in Africa is accidental since people are compelled to work therein because of the poor economic growth, a condition that he claims can be traced to high external debt in the 1990s together with its attendant consequence of high unemployment.

### 3.7.5 Technological Guidance and Support

Businesses today are being shaped dramatically as a result of technology (Kotler & Keller, 2006). Although improvements in technology increase a micro-enterprise's capabilities, it simultaneously poses new challenges to the enterprise. This is because most Ghanaian entrepreneurs lack the theoretical knowledge and backgrounds to strengthen their skills since most of them have low levels of education (Buame, 2012). According to Abor and Quartey (2010), the micro-enterprise sector in developing countries like Ghana, frequently has drawbacks when gaining access to information on available techniques and appropriate technologies, thus limiting innovation and micro-enterprise competitiveness. In addition, Hayford (2010) noted that most micro-entrepreneurs are unaware of new technologies, and those aware face difficulties with the availability, affordability, and accessibility of the new technology. This de-motivates micro-entrepreneurs from learning and enjoying the massive benefits of advancements in technology, such as growth and development.

### 3.7.6 Legal or Institutional Constraints

Another barrier to the growth of many micro-enterprises in Ghana has to do with the complicated laws, rules and regulations. It may be in terms of an unfavourable tax system and various discriminatory legal rules, and regulations toward micro-enterprises that can really hamper their capability to grow (Bartlett & Bukvić, 2001). A shaky legislation that does not support the growth and development of micro-enterprises may also impede a successful growth strategy of a micro-enterprise (Smorfitt, 2008). Rules and regulations that are somehow harmful to businesses are potential obstacles to the development and growth of a business.

In effect, the literature misapplies growth characteristics to micro-enterprises and when they do, the outcome is that micro-enterprises do not grow. However, the "Goro boys" and their operations in Abossey-Okai Market seem to smack in the face of the position that they are not growing. The "Goro boys" argue that their businesses grow. Maybe the concept of growth differs from the criteria applied to formal enterprises. Possibly, the concept of growth has to do with "survival". Consequently, there is the need to critically examine this phenomenon from an empirical perspective.

### 3.8 Theoretical Foundation: Institutional Theory

This research is underpinned by the institutional theory. The term "institution" broadly refers to the formal rule sets (Scott, 2008), *ex ante* agreements (Baumol, Schilling, & Wolff, 2009), less formal shared interaction sequences (De Soto, 2000), and taken for granted assumptions (Li & Harrison, 2008) that organizations and individuals are expected to follow. The basic tenet of the institutional theory is the effort to explain why organizations behave or act the way they do based on the rules such as regulatory structures, governmental agencies, laws, professions, and scripts and other societal and cultural practices that exert conformance pressures (Li & Harrison, 2008). According to Dacin, Goodstein and Scott (2002), the institutional theory is known for providing insightful and thought-provoking dimensions of why an organization as well as an individual takes certain actions. According to the institutional theory, institutions are very critical or important constituents of the environment.

This theory argues that the environment determines not only the individual decision to become an entrepreneur, but also the characteristics of new ventures, with a subsequent effect on growth levels and country development (Minniti & Lévesque, 2008). Institutional theory is thus concerned with regulatory, social, and cultural influences that promote survival and legitimacy of an organization rather than focusing solely on efficiency-seeking behavior (Bosma, Acs, Autio, Coduras & Levie, 2009). In the environment, institutions exercise constraining influences, known as isomorphism, over individual organizations within the environment (Deegan, 2000). These constraining influences in the environment coerce organizations to take up similar practices or behaviours of other organizations that face similar environmental constraints or conditions. Bruton and Ahlstrom (2003) herein defined institutions as "regulative, normative, cognitive structures and activities that provide stability and meaning for social behaviour".

The fundamental principle or concept underlying the institutional theory, according to Miles (2012) and Scott (2008), is that organizational structures and processes acquire meaning and stability in their own right rather than their effectiveness and efficiency in the pursuit of desired goals or objectives. A considerable variety of organizational forms characterize organizations or institutions in the initial stages of the organizational life cycle (Miles, 2012). However, homogeneity in organizational structures takes place over time.

Institutions exert three main forms of isomorphic force on organizations within a given environment – coercive, normative and mimetic (Scott, 2008). The coercive isomorphism discusses the pressure(s) from organisations that have resources on which other organizations depend. On the other hand, the normative isomorphism talks about the pressure(s) of following established practices and norms as well as professional standards. Usually, for organizations to gain and sustain acceptability and legitimacy, they tend to adhere to socially accepted norms and practices. In mimetic isomorphism, organisations tend to imitate other successful organizations particularly when these organisations are unclear about what to do. Nevertheless, Miles (2012) contends that three levels are affected when it comes to institutionalized activities– individual, organizational and inter-organizational. With regards to the individual level, supervisors, consciously or unconsciously, adheres to habits, norms, customs and tradition.

In relations to this thesis, the study explores how the application of environmental constraints such as regulations and social norms influence micro-enterprise owners into their activities and subsequently affect their growth. Indeed, entrepreneurs are constrained and enabled by the institutions in their environment (Bruton & Ahlstrom, 2003; Khoja, Scott, Caseberr, Moshin, Ishaq & Gilani, 2007) that defines and limits entrepreneurial opportunities, and thus affects the rate and size of the venture (Hwang & Powell, 2005). Similarly, institutional factors in the external environment that impact entrepreneurial development are favourable market incentives and the availability of capital (Baumol, Schilling, & Wolff, 2009). Despite the relevance of the institutional theory in explaining individual and organizational behaviour(s), it has been subjected to criticisms. For instance, Phillips, Lawrence and Hardy (2004) argue that the institutional theory tends to overly emphasize the significance of the effects of institutionalization rather than the processes through which organizations become institutionalized. They argued further that any insignificant change in organizational process or behaviour is treated as institutional. To this, Peters (2000) and Suddaby (2010) add that the institutional theory or proponents of the theory have inappropriately measured the concept of institutions.

### 3.9 Framework for Addressing Micro-Enterprise Challenges

In the introduction it was mentioned that a framework for addressing challenges facing micro-enterprises will be established. Below is the suggested framework to help minimise the challenges faced by micro-enterprise in their growth:

#### 3.9.1 Developing Country-Specific Strategies

The development of an effective micro-enterprise finance strategy for an individual country should ideally be based on a comprehensive diagnostic of its micro-enterprise finance gap and the quality of its micro-enterprise finance architecture (Quaye & Mensah, 2017).

### 3.9.2 Developing a Supporting Legal and Regulatory Framework

An effective legal and regulatory framework promotes competition by avoiding overly restrictive licensing requirements and allows international and regional banks with better small business lending tools to enter the market (Quaye & Mensah, 2017). Competition among financial sector players can be promoted further by introducing technological platforms in key areas, facilitating a variety of financial products and services, driving down the costs of financial access, and reaching previously untapped markets (Yankson & Owusu, 2015).

### 3.9.3 Strengthening the Financial Infrastructure

Establishing a solid financial infrastructure (auditing and accounting standards, credit registries/bureaus, collateral, and insolvency regimes) should be a priority in financial development (Muleta, 2016). The aim should be to develop a comprehensive credit reporting system that covers both personal and commercial credit information and help lenders better manage credit risk and extend access to credit. Some countries, such as India, have introduced small scale business rating agencies as an additional institution designed to provide more information to prospective lenders (Muleta, 2016). Moreover, a well-functioning collateral regime characterized by a wide range of allowable collaterals (immovable and movables), the establishment of clear priority rankings of claims over collateral, and efficient collateral have made it very difficult for micro enterprises to register. Due to the inability of these micro enterprises to provide security for the credit facilities they are unable to access funds to expand their businesses (Yankson & Owusu, 2015).

### 3.9.4 Effective Government Support Mechanisms

Another critical challenge to the growth of micro-enterprises is lack of government support and intervention programmes (Yankson & Owusu, 2015). Over the years, government's support and interventions for small business have been inadequate. Government interventions should be carefully designed and better evaluated with a view to accurately measure their achievements in terms of outreach and leverage. In other developed countries, partial credit guarantee schemes remain an important form of intervention (Yankson & Owusu, 2015). Extant investigations have recommended that government should intervene from time to time in arranging cheaper imports of raw materials for them (Yankson & Owusu, 2015). Effective marketing arrangement needs to be incorporated. Government intervention should focus on building market channels for small business to enter the larger market. This intervention, when effectively implemented by the government, will help stimulate the activities of these micro enterprises (Abor & Quartey, 2010).

### 3.9.5 Building Reliable Data Sources for Micro-Enterprises Finance

One important recommendation for effective management of small and micro enterprises is proper records. It is important to note that an effective data collection framework at the national level is important and it should include efforts to standardize the definition of micro enterprises (Abor & Quartey, 2010). Important demographic data on micro-entrepreneurs such as turnover and asset size should be available and help normalize access to data. Effective data and records are expected to offer financial institutions information to assess credibility and creditworthiness of these micro enterprises (Abor & Quartey, 2010). It is likewise expected that a computerized business registry of micro-enterprises would further facilitate the data gathering process and would serve as an important first step for firms joining the formal sector. Regular business and financial reports can provide important measures for government planning purposes (Abor & Quartey, 2010).

### 3.9.6 Improvement in Technology

Another important factor for enhancing the growth of micro-enterprises is to enhance their technological base (Yankson & Owusu, 2015). Improvement in production techniques and proper technology equipment is expected to support the efficient operation of micro enterprises. Micro-enterprises require efficient processes to remain competitive, thus, government consultancy enterprises have an important role to play in this context. They have to arrange viable and modern techniques of production to them, as they are unable to expend money to build the technological base on their own. Besides, micro-enterprises should keep themselves in touch with the development in technology in order to help boost their performance (Abor & Quartey, 2010).

### 3.9.7 Education and Training

Another important strategy to enhance the growth of micro-enterprises is to improve their educational level (Abor & Quartey, 2010). It is important to note that micro-entrepreneurs should make concerted efforts in imparting proper education and training to workers engaged in this sector as they are the valuable asset of industry (Blankson et al., 2018). Expenditure on training and development activities should be treated as an investment in the business. Important institutions such as Microfinance and Small Loans Centre (MASLOC) and National Board for Small Scale Industries (NBSSI) should involve them in upgrading the knowledge and skills base of micro-entrepreneurs to respond positively to the changing micro-environment (Quaye & Acheampong, 2013).

# CHAPTER FOUR

# RESEARCH METHODOLOGY

## 4.0 Introduction.

This chapter provides an overview of the methods that the researcher selected in carrying out the research so as to address the research problem and achieve the purpose of the study. Saunders, Lewis, and Thornhill (2009) defined research methodology as "the procedural framework within which a research is conducted". It also serves as a set of guidelines for analysis, where the assessment of data can be used to elicit conclusions (Eldabi, Irani, Paul & Love, 2002). In specifics, thus, this chapter discusses the research philosophy or paradigm, the research approach, research design, population and sampling technique, data collection procedure, presentation of data, data analysis techniques as well as ethical issues concerning this study.

## 4.1 Research Philosophy

It is recalled that the prime objective of this study is to investigate whether there are specific growth indicators used by micro-enterprises in measuring growth. As a result, this study took the interpretive point of view.  A fundamental decision a researcher needs to consider when conducting a research is declaring knowledge claim. This basically includes grounding the research on certain beliefs about what will be studied and how it would be studied when conducting the study (Mangan, Lalwani & Gardner, 2004; Myers & Avison, 2002). Boateng (2014) posit that knowledge claims are also called research paradigms.

Inferring from extant literature, Boateng (2014) expressed that the most dominant research paradigms that reflect the major theoretical direction in social science research include Positivism, Interpretivism, Realism, Relativism and Critical Realism. Creswell (2007) noted that each paradigm has a structure that differentiates itself from other paradigms although it has its own set of epistemological, ontological and methodological assumptions.

This interpretive stance is enlightened by Bhattacherjee (2012), who postulates that the social scientist needs to understand the social actions of their research subjects through interpretive means - considering the meaning and purpose they place on their actions. According to Creswell (2003), an interpretive researcher tends to rely upon the "participants views of the situation being studied" and recognises the impact on the research of their own background and experiences. Interpretivists do not generally commence with a theory; rather they "generate or inductively develop a theory or pattern of meanings" (Creswell, 2003) throughout the research process. Likewise, Elster (2007) and Walsham (1995b) explain interpretivism as the approach that highlights the expressive nature of people's character and involvement in both social and cultural life.

The interpretive is fundamentally not interested in generalizing his/her findings because life is dynamic (Saunders et al., 2009) and how every research subject reacts to a particular issue is dependent on their viewpoint and environment. Therefore, as researchers try to interpret what they see, hear and understand (Creswell, 2009), they work towards theory building through interpretive methods such as action research and ethnography (Bhattacherjee, 2012). Similar studies such as Amoah-Mensah (2016) and Makheta (2010) employed the interpretive approach. For these reasons the researcher adopts the interpretive stance.

## 4.2 Research Design

This research adopted a case study design. A research design is essential for every research. According to Saunders et al. (2009), a research design is a general plan regarding the answering of research questions that have been set. It shows how the researcher practically plans to conduct a study (Creswell, 2012). Some scholars, however, refer to research design as “research strategy” (Creswell, 2003). On one hand, research designs or strategies that can be used in quantitative studies include surveys and experiment. On the other hand, Saunders et al. (2009) mentioned that designs or strategies such as archival research, ethnography, action research, grounded theory, case study, phenomenological research, and narratives are used for qualitative studies. Thus, this study adopted the case study design.

The case study design is chosen for this study because it enables a researcher to explore an event, an activity, a process or an intensive analysis of an individual unit (as a person or community) stressing developmental factors in relation to the environment (Merriam-Webster, 2015). Robson (2002) strongly recommends that researchers adopt case study strategy, which involves an empirical investigation of a particular contemporary phenomenon within its real-life context using multiple sources of evidence” (Robson, 2002). According to Yin (2009), the nature of the research questions such as “how” and “what”, are convincing reasons why a case study represent the best research method. Saunders and Lewis (2012) postulate that case studies are largely employed in explanatory and exploratory studies with the ability to answer the 'why', 'what' and 'how' questions. In studies, a single case or multiple cases could be used (Creswell, 2003). The researcher adopted a single case study strategy where the entire Abossey-Okai Market was considered as one case, considering the large number of micro-entrepreneurs “Goro boys” that operate in the market. However, five micro-entrepreneurs were interviewed at their respective stations within the market. This enabled the respondents to express themselves in their own language and in their natural environment. However, the researcher being a native speaker of Asante Twi was familiar with the language, hence was able to understand and transcribe the interview result.

## 4.3 Research Approach

This study adopted the qualitative research approach to arrive at the findings. The choice of a suitable research approach for a study is influenced by the aim of the research and not just the researcher's preference or intuition (Babbie, 2004). Authors such as Saunders et al. (2009) and Denzin and Lincoln (2000), suggest three major methodological approaches that could be useful in research: qualitative, quantitative and mixed method approaches. They further suggest that the approach a researcher adopts should be influenced by the paradigm that the researcher belongs to. This is because the research approach will influence the research design or strategy that will be adopted. Qualitative and quantitative researches are extensively different in their procedures for data collection and analysis (Saunders et al., 2009). Bryman and Bell (2007) added that, while qualitative research is inductive, quantitative research is deductive in its observation on the connexion between research and theory.

### 4.3.1 Qualitative Approach

A qualitative approach, as explained by Malhotra and Birks (2006), aims at describing, decoding and translating phenomenon in the form of meaning rather that frequency. To Malhotra and Dash (2013), the qualitative approach is much concerned about gaining an understanding of the fundamental reasons and motivations for a phenomenon. It also provides in-depth insight into complex psychological issues and most essential for gaining answers to humanistic questions. In Saunders et al.'s (2009) view, the qualitative approach allows the researcher to appreciate the way in which humans interpret their social world. It, therefore involves a close contact with a small sample over an extended period of time (Malhotra & Dash, 2013). Generally, qualitative studies are unstructured: they start with broad research problems and use relatively unstructured data collection instruments such as interviews and observations (Boateng, 2014). Another advantage of the qualitative approach to research is that it centralizes and places primary value on complete understandings, and how people understand, experience and operate within milieus that are dynamic and social in their foundation and structure (Pole & Morrision, 2003). However, there are some disadvantages associated with qualitative research. To start with, qualitative researches usually sample fewer people, which make it more problematic to generalize their findings. Moreover, data collection in a qualitative research is generally more time consuming as compared to collecting quantitative data (Pole & Morrision, 2003).

However, since the aim of this study is to investigate and bring to the fore the specific growth indicators used by micro-entrepreneurs at Abossey-Okai Market in measuring growth and not to find the relationship existing between variables, the qualitative research approach is deemed appropriate. This research issue under study is arguably new in the study area. This brings about the need to gain a deeper understanding of the research issue rather than just collecting frequencies. Indeed, the qualitative research approach allowed the participants to express themselves in their own words and language, which subsequently enabled the research to achieve its exploratory purpose. Again, similar studies such as Nasip and Sulong (2012) and Makheta (2010) have employed the qualitative approach in their studies. For these reasons, the researcher adopts a qualitative approach to investigate what micro-entrepreneurs at Abossey-Okai Market consider as growth indicators.

### 4.4 Source of Data

The researcher used primary data in order to avoid distortion and inconsistencies that come with secondary data. As identified by Ghauri and Gronhaug (2005), there are two sources used in collecting data: primary and secondary sources. Hence, the origin of the data is the main difference between primary data and secondary data (Ying, 2009). Malhotra (2007) labelled the type of data invented by the researcher to specifically address the research problem as primary data. It is custom-made just for the imminent problem.

Secondary data, conversely, are data collected for some goal other than the problem at hand but has some significance to the current research (Hair, Wolfinbarger, Ortinau, & Bush, 2008; Malhotra, 2007). Some examples of secondary data include data generated within an organization, information made available by business and government sources, commercial marketing research firms, and computerized databases. Using secondary data is cost-effective and provides a quick source of background information. In contrast, primary data is regarded as more authentic and reliable as well as objective since it has not been published yet (Malhotra, 2007).

Primary data has a higher validity than secondary data because it has not been altered by anybody. Thus, although secondary data is cheap, there is no readily available secondary data on “Goro boys” and literature is lacking information on growth measures for micro-enterprise, hence the researcher’s choice of primary data.

**4.5 Population**

Every research employs a study population. Malhotra and Birks (2006) define a study population as the total of all the elements, sharing some common set of characteristics, which comprises the universe for the purpose of the marketing research problem.  Similarly, Allen and Babbie (2008) highlight that a study population is the aggregate number of units of the problem to be investigated that exist in the area of investigation. Therefore, the population of this study includes all micro-entrepreneurs popularly described as “Goro boys” (spare parts dealers) in Abossey-Okai Market in Greater Accra Region. “Goro boy” is Ghanaian terminology given to micro-entrepreneurs who stand at the Abossey-Okai junction and inside the market assisting customers to purchase the right equipment at the right place and at the right price, saving customers the irritating inconvenience for going through the market to find what to buy.

These "Goro boys" profit from the fee they charge for their services rendered. There are no data on the number of "Goro boys" in Abossey-Okai and in Ghana in general. The study, therefore, sought to investigate if alternative growth indicators exist for these operators in Abossey-Okai Market in Accra. Lastly, the Abossey-Okai Market was chosen because is presently reputed to be the largest market dealing with automobile spare parts in West Africa (Yankson & Owusu, 2015) and is an area where the researcher can get easy access to information.

### 4.6 Sample Size

A sample is a relatively small representative group selected from the study population (Vernoy & Kyle, 2002). In total five (5) "Goro boys" were interviewed in order to reveal how they measured the growth of their business. Morse, Barrett, Mayan Oslon and Spiers (2002) opine that, in a qualitative research, adequacy of sample size is viewed by the depth of data rather than quantity and therefore the sample for this study comprised of respondents who best represented the research issue under investigation. Similarly, Mack et al. (2005) added that qualitative research is not based on the number of people interviewed, but rather the quality of the information received. The interviewees were a true depiction of the study population because they were able to give deeper insights into the research issue. Also, Lincoln and Lincoln (2005) mentions that qualitative research seeks to make sense of or interpret an issue or phenomena with respect to the meanings individuals assign to events and therefore generally rely on small samples. Therefore, this research sampled five respondents, which were enough to gain insight into the research questions. Again, the choice of a sample size of five (5) is in line with a proposal made by Creswell (2007) who noted that a sample of four (4) and above is appropriate for a qualitative study.

### 4.7 Sampling Technique

The study adopted the non-probability sampling particularly snowballing to select the respondents. The non-probability sampling technique relies on the researcher's own judgment (Malhotra & Birks, 2007). The researcher used snowballing sampling due to the difficulty to obtain individual cases (some of the "Goro boys" were not willing to be interviewed). Anecdotal evidence shows that coming by such informal operators could be a frustrating process (due to their busy schedules and other encumbrances), thus, a snowballing technique was used to get some of the respondents. That is to say that, after interviewing the first respondent, he recommended another entrepreneur of his caliber to the researcher. This eased the respondent acquisition process for the researcher. Moreover, due to the nature of the study, the researcher chose the respondents based on the fact that they are Ghanaian entrepreneurs who have to be in business over the years and have achieved some level of significant growth.

### 4.8 Data Collection Methods

The study used a semi-structured interview guide as its data collection instrument. The choice of this instrument is vindicated on the fact that it allows for more flexibility by giving space for follow up questions where necessary (Malhotra & Birks, 2007). This, therefore, made it possible for respondents to give other pertinent information, which was initially not included in the interview guide (see appendix 1).

### 4.9 Data Collection Procedure

As stated earlier, information from respondents was collected with the use of a semi-structured interview guide. Prior to the data collection, the researcher read through the interview guide to ensure that they match with the objectives of the study and to minimize possible errors in response. The method for seeking interviews with these operators was different given the peculiar challenges in scheduling interviews with persons in those locations. In all, each interview lasted between 25 and 30 minutes. The design of the interview guide was informed by a thorough literature review (see Appendix A for the interview guide). The questions were semi-structured and open-ended; however, they required in-depth discussion. An outline of these questions was generated after the supervisor had vetted the research instrument, which helped "refine the data collection plans with respect to both the content of the data and the procedures to be followed" (Yin, 2009).

The questions centred on the background information of the participants; how the respondents defined growth; their perception of growth indicators; challenges they face in achieving growth; and how these respondents were circumventing these challenges. During each interview, the researcher greeted the participants and asked how they were faring. The researcher introduced himself first before informing participants of the purpose of the meeting. In addition, the researcher asked permission to record and assured the interviewees of the confidentiality of their contribution. The researcher used the smartphone to record the interview proceedings and paused anytime there were some interruptions.

This made the respondent feel comfortable knowing that their normal business dealings were off the record. Manual records were taken as back-up. This is because the second interview had to be redone because some phone calls interrupted the recordings (i.e. it automatically stopped the recording on the phone). After that experience, the phone was put on flight mode before commencing all the other interviews. After each interview session, the researcher thanked the respondents and reassured them of confidentiality after which interviewees advised the researcher on life and business issues.

Although, the participants did not expressly request that their identity be kept anonymous, the researcher established codes to protect their identities. As a result, the participants were coded as GA to GE. However, all the respondents spoke “Twi” (a widely spoken language in Ghana) and that generated the need for transcription through translation. Even so, the researcher ensured that the data collected did not lose its meaning because the researcher is familiar with the language.

**4.10 Data Analysis Procedure**

In this study, the researcher adopted the thematic data analysis in analyzing the data. Analysing a qualitative data requires the need to prepare and organize data through transcripts, reduce the data into themes by coding them, and finally present the data through analysis and discussions (Creswell, 2012). As a result, recordings obtained from the interviews were first transcribed through translation from the “Twi” language into English. Afterward data were explored without any preceding assumptions in order to ascertain themes that emerged from the data. Subsequently, data were then analysed in conformity with these themes in order to create meaning (Robson, 2002). The thematic analysis technique was adopted for this study due to its capacity to make realistic inferences in interpreting data (Vaismoradi, Turunen & Bondas, 2013).

However, the themes echo the research objectives and supported in finding answers to the research questions. The purpose of the data analysis was not just to provide a description of the data but to construe, explain and appreciate the meanings given to the research problem. Afterward analysing the individual responses of respondents, a cross case analysis was constructed in order to compare findings across the stories of respondents (Robson, 2002). This cross-case analysis has been presented in the next chapter of this study.

### 4.11 Validity and Argument Reliability

The necessary steps were taken to ensure both contents and construct validity. In line with Si and Bruton (2005), the researcher conducted a face-to-face interview with all the respondents and assessed their businesses. In addition, a summary of the findings was given to all respondents to confirm if they have been well represented, and also to make suggestions (Goodwin, Mayo & Hill, 1997).

### 4.12 Ethical Considerations

Ethical procedures constitute an essential part of conducting credible research and ensuring that good data are generated for analysis (Bloomberg, Cooper & Schindler, 2011). Leedy and Ormrod (2005) indicate that researchers are expected to uphold ethical principles such as anonymity, confidentiality, and informed consent, as well as seek permissible entry for data collection. As a result, the data collection instruments were designed with the utmost care in order not to violate any of the principles of research ethics (Kothari, 2004).

The researcher informed each of the interviewees the reason for contacting them, explaining to them that the research was purely for academic purposes. The author also allayed the fears of the interviewees as the interviews were being held in a safe place. Furthermore, interview sessions were conducted in a professional manner to avoid interviewer and interviewee bias while verbal and written assurances of upholding the principles of confidentiality, anonymity and the use of responses for the academic purpose were complied with.

# CHAPTER FIVE

# DATA ANALYSIS AND DISCUSSION OF FINDINGS

## 5.0 Introduction

This current chapter consists of two major sections. Section one presents an analysis of the data collected from the respondents while section two discusses the findings with existing literature. The responses are grouped and discussed to address the research objectives raised in chapter one: the first objective is to explore the operational process of “Goro boys”. The second objective is to investigate what “Goro boys” in Abossey-Okai Market considered as the growth of their business. The third objective is to find out the challenges inhibiting “Goro boys” from achieving growth of their business. The last objective is the coping strategies employed by “Goro boys” to overcome the challenges that they face.

## 5.1 Data Analysis

This section of the study analyses the data in accordance with the research objectives.

### 5.1.1 Profile of Respondents

The profile of respondents presented in this study covers the sex, age, marital status, number of children, educational level of participants, number of years in business and the legal status of the business.

Table 5.1: Profile of Respondents

| Respondents | Sex | Age | Marital Status | No. of Children | Level of Education | No. of Years in Business | Legal status of Business |
|---|---|---|---|---|---|---|---|
| GA | Male | 32 | Married | 2 | Primary | 10 | Unregistered |
| GB | Male | 31 | Married | 1 | Not Educated | 8 | Unregistered |
| GC | Male | 42 | Married | 4 | Not Educated | 15 | Unregistered |
| GD | Male | 27 | Single | 1 | Junior High | 7 | Unregistered |
| GE | Male | 29 | Married | 2 | Not Educated | 8 | Unregistered |

Source: Field data, 2018

The respondents of this study were between the ages of twenty-seven (27) and forty-two (42). The respondents' age is not skewed towards any specific age group and this surmises that "Goro" business at Abossey-Okai Market is an endeavour for all persons within these age bracket. In relation to marriage, all respondents are married with children, except respondent (GE) who is a single parent. Additionally, the four (4) respondents were the head of the household with no other members of their immediate family working. With regards to the level of education, the study discovered that the majority (3) of them have never been to school and two (2) have basic education. This proposes that many individuals who take part in "Goro" business do not have a specific set of skills/ formal education and usually engage in this form of trading due to the fact that they consider it as an activity that they can manage to perform. This finding is synonymous with the one found by Makheta (2010) in his street trader survey, which concluded that 9/10 micro-entrepreneurs have not received formal education or business training. This finding further proposes that having formal education or a specific set of skills is not a prerequisite to taking part in “Goro” business. It is therefore clear that persons who partake in “Goro” activities rely on selling their labour, rather than skills acquired through formal education or training, in order to generate an income.

The study result shows that three (3) out of five respondents had no education while two (2) had basic education at the primary and junior high school level. All respondents have been in business for more than six (6) years, ranging from eight to fifteen years. It can be inferred that “Goro boys” at Abossey-Okai Market have been in the business for a long time. Clearly, these operators have adopted strategies to sustain the business. The study also found that all respondents have migrated from different rural areas to engage in this activity. Many micro-entrepreneurs who engage in street trading are usually rural dwellers, coming from different rural areas due to unemployment (Tissington, 2009). Furthermore, the neglect of developing rural areas, rural-urban drift, and weak welfare systems are all factors that contribute to an individual’s decision to go into these businesses (Amoah-Mensah, 2016). Findings and observations made on the field appear to suggest that “Goro” activities at Abossey-Okai Market are dominated by males. This finding is different from the one obtained by ILO (2009). It was found that over 60 per cent of women in developing countries are employed in the informal economy operating different micro-enterprises, besides agriculture. Specifically, in Sub-Saharan Africa and Ghana, eighty-four per cent (84%) of women and sixty-three per cent (63%) of men are engaged in micro-enterprise activities, besides agriculture. A reason for this could be due to the stressful nature of the “Goro” business.

It was also evident that these “Goro boys” did not own shops but were trading illegally on Abossey-Okai Street and inside the market due to the fact that they are trading in areas that are not designated as trading zones by city authorities and they do not have any legal permits to trade. They have settled in the market and on the opposite side of Abossey-Okai Street, and their presence in this space is neither on record nor permitted. The respondents were less willing to talk, and this can perhaps be attributed to the reason that they are standing/trading in this area illegally and are suspicious of people asking questions in case it gets them into trouble. It also became apparent that most of the respondent do not live in close proximity to the Abossey-Okai Market and that most of them travel on public transport, in the form of taxis and "trotro" to get to work every day. Findings also signify that none of the "Goro" boys have registered their business and hence operate in the informal economy: all respondents cited that they do not have a permanent shop and do not see the need to register. This poses a threat to the success of the business because there is a possibility of loss of capital in case the respective authorities make regular follow-ups. Running unregistered businesses is one of the major factors impeding micro-enterprise growth. It also deters such businesses from benefiting from government small business packages provided to develop the sector. Furthermore, there are difficulties in obtaining finances from financial institutions (Nkonoki, 2010; Quaye & Acheampong, 2013). This may also hinder the formalisation of the informal economy agenda by the Ghanaian government.

### 5.1.2 Objective One: Exploring the Operational Processes of "Goro boys"

The study sought to identify the operational processes of the "Goro boys". Thus, the researcher wanted to know how "Goro boys" operate or go about their daily business. This is imperative because it helps to establish the nature of their business and how it links to their perception of growth. To achieve this, the researcher asked the respondents, "How do you operate as a Goro boy"? In response, they gave their experiences on how they operate. The main themes that emerged from their responses regarding their operational processes have been summarized and the analyses of the results were done according to the main themes as follows: *"Goro boys" are facilitators, "Goro boys" engage in networking, how "Goro boys"* *make money (financial strategies) and how "Goro boys" attract customers (marketing strategies).*

***"Goro boys" as facilitators***

The result from interviews revealed that "Goro boys" act as facilitators who assist potential customers to buy what they want. The "Goro boys" narrated that they usually stand at strategic locations along the street and market area in Abossey-Okai where they spot prospective customers and rush to them for business transactions. The "Goro boys" situate themselves in vantage locations in order to attract more customers. They vary their locations of transacting business to new locations in the market where they reckon business may be booming. This reflected in their responses.

For instance, GA indicated that *"I normally stand by the roadside and sometimes inside the Abossey-Okai Market here[…] my work is that, if customers come around looking for a particular spare part to buy, I will tell you...oh I have the spare part of what you are holding. Then I will ask you how many you want, one or two? If you tell me how many you want, I will then give you a seat and quickly help you get what you want".*

Similarly, GB gave a simple narration that, "…*"Okay, as a Goro boy, I operate my business by helping people who come around looking for a particular spare part for their vehicle".*

Not only do they act as facilitators, these "Goro boys" also have in-depth knowledge about the spare parts and the territory in which they operate. In almost all the cases, these "Goro boys" assisted customers to purchase the right spare parts at the right place in a faster and more timely manner. This is because the market is huge and usually chaotic. Therefore they save customers, especially the busy ones the time involved in looking for items or journeying to the actual shops. This also suggests that "Goro boys" have detailed knowledge about prevailing conditions in the market. For example, GE said that:

*"… Boss this market is very huge so it makes it difficult for customers especially those who are buying for the first time to know the exact shops that sell what he or she wants. I have better knowledge about where to get the spare part for you within the market if you are patient with me. So I help by saving them a lot of time and frustration".*

***"Goro boys" engage in networking***

As facilitators of what customers buy, it was surprising to find out that, by their nature, these "Goro boys" did not own spare parts, and neither do they own shops. But they network or associate themselves with shop owners and other major spare part dealers to get the spare part for their customers based on an agreement by both parties. According to the "Goro boys", this arrangement or networking is principally based on trust. Trust between the "Goro boys" and shop owners or major dealers depend on how long both parties have traded or known each other. Networking can also be based on recommendations from colleague "Goro boys", or shop owners or a guarantee from someone the shop owner knows. The longer these parties ("Goro boy" and shop owner) have known each other, the stronger the relationship and the larger the number of goods or spare parts involved. This networking strategy assists these "Goro boys" to reduce cost because the magnitude of their profits relies on how well they can bargain with the shop owners.

The networking is likewise influenced by their structural conditions because observation from the field shows that the shop owners were more relaxed. They operate in a setting that is more structured, so they are more comfortable and their stalls are filled with chatter and laughter. This observation perhaps may be due to the fact that these shop owners do not have to compete with the "Goro boys" over space or customers and are confident that their space to earn an income is protected. The shop owners also associate with these "Goro boys" in order to attract more customers due to the fierce competition in the market. The submissions of GB and GC highlights their networking strategies

*"... Usually, I will have the customer wait for me while I go to the shop owner to get the spare part. I have some connections with the shop owners, so I take the spare part and later return the money to shop owner and then take my share."*- GB

*"... After negotiating with the customer, I know some major dealers whom I take my spare parts. I will then go to the major dealer and get the spare part from them".*-GC

These statements above suggest that "Goro boys'" ability to serve their clients depend on how well they are able to network or associate themselves with the shop owners. This also suggests that for a "Goro boy" to make money or feed himself and his family rests on the readiness of these shop owners to give their spare parts out for them to sell.

***How "Goro boys" attract customers (marketing strategies)***

Another interesting finding regarding the operational process was that these "Goro boys" engage in marketing strategies in order to attract or win customers. Here the "Goro boys" usually call pedestrians or prospective clients to ask them whether they need spare parts to buy or draw their attention by whistling. They target everybody because they think that all customers need their assistance or have similar needs. For example, GA narrated how he attracts customers**.**

*".. I have to be aggressive to get the attention of pedestrians or customers that visit the market. I usually call them and flatter them with praises and titles for them to hire my services".* – GA

Another respondent (GC) said that,

*"Whenever I spot prospective customers, I shout oh! My boss! or my brother, what do you want to buy? I can help you get it at the same price and of high quality."*

Interestingly, respondent GD mentioned that there are many "Goro boys" in the market so he made complimentary cards that he gives to clients. This helps him to maintain old customers as well as attract new customers. Clearly, this shows that these "Goro boys" have adopted strategies to remain competitive. In fact, this "Goro boy" adopts this strategy because it is very effective. The researcher makes a case that, perhaps this respondent is innovative enough to make complimentary cards to attract more customers because he has the highest level of education among the respondents (i.e. junior high school). This also brings to bear the need for micro-entrepreneurs to acquire some level of education. The literature reviewed indicates that many micro-enterprises are started by motivated owners; however, they find it difficult to face competition from small and large businesses.

"*I have a complimentary card for my customers with all my contact details on it should they need me in future. I do this to attract more customers."*—GD

***How "Goro boys" make money (financial strategies)***

The last theme that emerged regarding the operational processes has to with how "Goro boys" make money. It was evident that "Goro boys" have adopted financial strategies that enable them to make money. From the interviews, it revealed that "Goro boys" are able to make some profit or money from a percentage they add to the cost of the product. But this is dependent on how well they can bargain for a better deal with the shop owners they take the spare parts from. Moreover, they get tips from customers they assist with the spare parts. A supporting comment from respondent GD is as follows:

*"Usually, I will have the customer wait for me while I go to the shop owner to get the item and bargain for my share as well, but sometimes you may encounter difficult customers who will insist on going with you to the shop. I will then escort the customer directly to the store but I first make the shop owner aware that I'm coming along with a customer to the shop. The shopkeepers are easy to identify me as a "Goro boy" so the shop owner may add additional amount like ghs5 on the actual cost of the product then I later go for it while the customer whom I assisted may also show appreciation by dashing me something small as well*"-GD

### 5.1.3 Objective Two: Growth Indicators for Micro-enterprises ("Goro" Business)

Having described how they operate their business, it was necessary to unearth what these "Goro boys" consider as growth. This was to address the second objective of the study. Thus, the researcher wanted to find out the growth indicators of micro-enterprises/micro-entrepreneurs (i.e. "Goro boys") at Abossey-Okai Market. A series of questions were asked by the researcher to expose respondents' perceptions of whether they consider that their businesses are growing and what they actually meant by the growth of their business. This is important because it helps to establish whether these micro-enterprises grow and, if they do, to derive the growth indicators that are applicable to them.

Results of the analysis of the interviews conducted revealed six growth indicators applicable to the "Goro boys". The main themes that emerged have been summarized and the analysis and discussion of the results were done according to the main categories or themes as follows: *improved standard of living, wealth, subsidiaries, and incomes from the "Goro" business which they normally refer to as "social".* The exact responses obtained from the field study are stated below:

***Improved standard of living***

To begin with, although, the literature review did not focus much on the improved standard of living, it featured in the findings as a significant growth indicator. The findings revealed that "Goro boys" consider an improved standard of living as a growth indicator for their business. This response was captured from all participants. The profile of the respondents reveals that all of them have migrated from the rural areas to engage in this business in order to make ends meet. The researcher theorises that the background or motives of these micro-entrepreneurs for engaging in this business may be the influencing factor or determiner of their perception of this growth indicator. In reality, a micro-entrepreneur's motive for starting or engaging in a business is different from those normally found in textbooks and assumed by researchers. According to the "Goro boys" the growth of their business actually reflects in their own standard of living. For instance, GB put it this way,

*".... the major change has been in my own standard of living. There is a difference between now and then when I wasn't doing this business. I'm now able to provide for my children's education and taking care of the family".*

Similarly, another respondent (GC) believes his business is growing because he has been able to rent an apartment for himself. With emotion, he said that:

*"... When I came from the village I was perching a friend but after engaging in this business for some for years, I have been able to rent a room from the income I make in this business".*

Unexpectedly, respondent GA considers his business growing because he has been able to open a small shop for his wife. He testified that:

*"... I have also opened a small shop for my wife who sells provisions to augment the income I make."*

***Personal Income and Wealth (Asset)***

Another attention-grabbing finding that emerged from the study is the fact that these operators consider an acquisition of personal wealth or assets as an indicator that their businesses are growing. This growth indicator was mentioned by almost all the respondents. This reflected in their responses. For example, GB proffers that:

*"… The business is growing well. Besides, I have acquired a piece of land and I'm on course building my own house".*

In a similar way, the respondent (GA) mentioned that:

*"….Oh, the business has grown! Before I started this business, it was my determination to build my own house one day and I have been able to achieve that".*

A surprising comment by respondent GD reveals that "Goro boys" consider the ability to own a car as an indicator that their businesses are growing. With confident, he said that:

*"Oh yes, this business is growing. It has been helpful. Before coming here I had nothing, but now I have two cars".*

These statements appear to suggest that being a "Goro boy" is profitable, despite the challenges they face. However, for these operators, personal and business resources are inseparable. The "Goro boys" cannot make a distinction between the two. That is to say, that these "Goro boys" have the potential to grow the business, but instead of expanding the business by renting up a shop, they rather buy personal things. That is, these operators are interested in acquiring status symbols. And so they are developing themselves as individuals but they are not developing their businesses. This is because these "Goro boys" go back to do the same business without any improvement.

***Income "Social"***

With regards to income, which they normally refer to as "social", all respondents agreed that their income has increased over the years. The "Goro boys" consider the income they make from their "Goro" business as a growth indicator. These operators mentioned that they make enough "social" from their business. The following response is a testament to this:

"*… The business is growing well at least my income is better, my social appreciates well"*-GA

However, the statement from respondent GE reveals that "Goro boys" are not sure of the exact amount of income they make although they make enough revenue.

*"… I don't keep track of how much I make in a day because I end up spending almost everything on the family. But I can boldly say the income is okay"*.-GE

Again, "Goro boys" are not able to mention their quantum of income or revenue they make due to variations in the number of customers that they serve daily and because the income goes directly into catering for their family. This is evident in GB's response:

*" … I can't give you the exact figures because boss it is the same money I use for T&T to come to work and to cater for my family. For example, if I should make a social of ghs40, I can spend about ghs35 that same day".*

***Subsidiaries***

The third theme that emerged from the interview is the number of subsidiaries the entrepreneur is able to establish. It emerged from the study that "Goro boys" are able to diversify incomes from the "Goro" business into creating new micro-firms. For instance, GB confidently said that,

*"… I diversified into other things, like selling electrical appliances (I own 2 shops that sell electrical appliances) all from the income I make from this business".*

Similarly, respondent GE believes that his business is growing because he has now ventured into car decoration even though he is still doing the "Goro" business. This suggests that "Goro boys" in Abossey-Okai Market do not expand their spare parts business by renting shops for themselves in the market, rather they diversify their income by creating other businesses. This raises an important growth indicator for micro-entrepreneurs, namely "diversification". With him, he said that:

*"Even though I'm still doing this Goro business, I used some of the money I earned to acquire car decoration to my skills…. I have now ventured into tinting glass window, fixing of seat covers and fixing car accessories in beautifying the cars after it gets a new spray over".*—GE

**5.1.4 Objective Three: Challenges Faced by Micro-entrepreneurs ("Goro boys")**

Unarguably, micro-enterprises, particularly those in the emerging world and Ghana for that matter, are plagued with a lot of challenges that impede the growth of their businesses. Thus the researcher wanted to find out the specific challenges that inhibit the growth of "Goro" business in Abossey-Okai Market. The issue of challenges was addressed by asking participants about the challenges they encounter in ensuring the growth of their business. Four respondents cited that they are exposed to extreme temperatures, rain, and sun because they do not have shops or legitimate spaces to operate. Other challenges cited by respondents were: finance; imitation of spare parts; fluctuations in prices; and lack of government support. Comments from the respondents that reflected these challenges are as follows:

***Lack of Permanent Shops and Vagaries of the Weather***

As summarised above, although the literature review did not dwell much on extreme weather conditions and lack of permanent shops or places to trade, they emerged in the findings as significant challenges. The results revealed that "Goro boys" were exposed to extreme temperatures, rain and sun: this is because they did not have permanent structures or shops to operate from. This had an impact on business as all trading stopped when it rained. Not having access to permanent shops also means that they operate in an insecure environment, giving opportunities to pickpockets to steal from them/snatch their bags and endangering their lives, as vehicles sometimes knock these operators down. Extracts below indicate how respondents explained the magnitude of these problems:

*"I do not have a shop or designate space to operate. I usually stand in the street or in open spaces, with the sun, the rain, the dust, and all those problems. The weather plays a big role when it's raining there is no shelter. This also impacts on my business; someone is not going to talk to me or buy from me in the rain. No they won't, they will rather go to the shop".*— GA

*"…. when we enter the rainy season is it not good at all, because we lose money if it rains".* –GB

"*…. when it rains the market becomes muddy and since I don't have a shop, I am forced to go home or hide somewhere"*--GC

*"My big challenge is that I need a shop or a proper place to operate. I normally work under harsh conditions because I don't have a shop. For example, I mostly stand by the roadside to approach prospective customers and sometimes the sun is too much for me".* –GE

***Inadequate Capital or Financing***

Another major challenge cited by the respondents, which is peculiar to many micro-enterprises in Ghana and Africa for that matter, is inadequate capital or financing. The specific financial challenges they encounter are in the capital, high rate of interest on loans and difficulty in getting funds from formal financial institutions. It is often said that, in order to make money, businesses should be willing to spend money, and this may be particularly challenging for these "Goro boys" as they may not have the capital to spend. The unwillingness on the part of these banks to provide financial support to these "Goro boys" could be attributed to the fact that they have not registered their businesses and perhaps because these "Goro boys" lack the requisite skills to be able to prepare financial statements or proper books of account, a business plan or provide the necessary information required by these banks. The reactions of participants regarding why inadequate capital is a major challenge is presented below:

*".... My greater challenge is that I do not have the capital. Getting financial support in terms of loans from banks to expand the business is difficult and very costly. Even though I make 'small small' money from this business, it is the same money I use to cater for my family. So I'm taking it a step a time. I can't afford a big shop for now. I'm working hard; maybe in the future I can get an affordable small shop for myself then think of future expansion".* --GA

*".... My problem is financial. I need to acquire my own shop, but since it is self-employment, the banks do not give loans easily. Most of the banks will request for business registration documents and I don't have. The banks don't even recognize my business as profitable or lucrative to generate enough money to pay back the loans".*—GB

*".... Boss, I want to rent a store in the market. However, stores in the Abossey-Okai Market here is very expensive. Some of the store owners request for between 5 to 10 years advance*

*payment. I don't have much money so I have no option than to keep operating like this".*—GE

***Fluctuations in Prices***

Fluctuations in the price of spare parts also emerged as a challenge that impedes the growth of the "Goro" business. Market constraints in terms of fluctuations in the price of goods can negatively affect the income of these "Goro boys" and lead to a reduction in sales. In an already survivalist business/activity this can have far-reaching consequences on the growth of the business. GB indicated that:

"*The market situation is a major problem. Sometimes when I go to the shop owner the stuff is say ghs35, now after three weeks, you must go buy it for ghc45. When it happens like that I suffer because then I can't make enough profit".*

*"Boss the market is not good at all".* –GB

***Imitation of Spare Parts***

While the above information portrays serious challenges, another challenge facing "Goro boys" in the quest to achieve growth of their business is that of imitation of spare parts. One respondent reported that the trade is suffering from imitation of spare parts and this is ruining their business. This fact is supported by information obtained from GE:

*".... Also, another issue is that the business is suffering from imitation spare parts on the market and this affects the trust as well as the quality of services we render to our customers. As a result, clients sometimes accuse me of selling expired items or items of inferior quality. When this happens I lose customers*" –GE.

***Lack of Government Support***

The last challenge reported by respondents is lack of government support. It was found that the respondents were not aware of funding initiatives by the government. Almost all the "Goro boys" felt that most of the initiatives by the government were targeted at small and medium enterprises (SMEs) and not at micro-enterprises, especially those that operate in the informal economy. Drawing from the institutional theory, it shows that the institutions that are designated to render support to these micro-enterprises (such as NBSSI and MASLOC) are not playing in favour of these micro-enterprises. The fact that the government is not taking necessary measures to support the growth of these micro-enterprises could be an impediment to their growth. To explain the magnitude of the problem GD put it this way,

*"…. Another challenge is that there is a lack of government support since there are no specific initiatives or programmes by the government aimed at supporting Goro boys. Instead, the government has teamed up with some of the shop owners to flush us out of the system".*

**5.1.5 Objective Four: Solutions to the Challenges Faced by "Goro boys"**

Since challenges or problems are inevitable as far as the activities of micro entrepreneurs ("Goro boys") are concerned, the researcher probed into how these micro entrepreneurs are handling or circumventing their challenges mentioned earlier in this study. With regards to the inadequate capital or financial challenges, it emerged from the findings that "Goro boys" acquire small loans through informal financial arrangements usually called "susu collectors" to solve their financial challenges. Even with this coping strategy, the "Goro boys" are required to save a small amount of money on a daily/weekly basis to these "susu collectors" and thus gained access to a larger amount of capital once a month.

The reliance on the "susu collectors" by the "Goro boys" for financial assistance is due to the fact that accessing loans from formal institutions, such as banks, is not easy for some "Goro boys" and moreover, other sources such as family members do not provide enough financial support. The aforementioned findings suggest that, even though the "Goro" business is lucrative, it does not produce enough income in order to be able to invest with individual capital. One of the "Goro boys" (GC) mentioned that,

*"… through the recommendation of others, I am able to acquire small loans from "susu" collectors who come to the market".*

In addition, these "Goro boys" mentioned they depend on their savings and sometimes rely on family and friends for support. The reason why relying on family and friends for support is vital in this context is because it is made on good terms and not accompanied by interest rates. However, some family members may want to interfere in the affairs of the businesses, which undermine the independence of the "Goro boys" in running their businesses, which they so much enjoy.

GB confesses that,

*"Small small…I save the little income I get for the day. Assuming I make ghc30 per day, I try to save part of my income for the day. Sometimes I borrow from some of my brothers or friends during the time of financial bankrupt".*

Again, the "Goro boys" indicated that they are embarking on effective marketing activities as a way of achieving competitive advantage and making sure that they continue to upgrade their knowledge in their areas of operation in order to keep themselves abreast with the business methods and/or operations. One respondent (GD) said, "*I am trying to work up to my best capacity in the market against my competitors so that I can make enough capital to expand this business".*

### 5.1.6 Other Important Findings

***"Goro boys" do not employ workers***

One surprising finding was the fact that all respondents highlight that they do not engage workers or apprentices. Persons who are interested in joining the "Goro" business imitate others who are doing such business and master it on their own. However, "Goro boy" sometimes engage family members to support them in the business. Hence, GB emphasizes:

*"... No, no boss, it does not work exactly like that over here. If you are interested in this Goro business, you just have to look and imitate what others are doing over here and master it on your own. No one engages apprentices or workers here"*--GB

Analysing the above statement, the fact that these "Goro boys" do not employ or take apprentices suggests that measuring the growth of "Goro" business solely in terms of the number of employees will mean underestimating the earnings of these "Goro boys" and concluding, rightly or wrongly, that they do not grow.

***Reasons for Engaging in "Goro" Business***

Although it wasn't a major objective of this study, considering the number of years these "Goro" boys have been doing the business, it was important for the researcher to collect information related to the motives or reasons for respondents engaging in the "Goro" business. The most common reason cited by respondents was unemployment. Respondents have therefore engaged in this activity as a livelihood option to cater for themselves and their families. This was reflected in their responses. For example, GA said:

*"After graduating from the junior high school at age 21, I did not get the grades needful to continue in education so I was forced to engage in this "Goro" activity in order to cater for myself and that of my family".* --GE

The Ghana Statistical Service report (2014) states that the rate of unemployment in 2013 for persons with senior high school, post-senior high school diploma and bachelor's degree was 11.7%, 9.1% 5.9% respectively and these percentages keep increasing. These graduates, together with persons who might have some level of education, formal or informal, with no schooling at all, end up in the informal economy by setting up their own microenterprises (Amoah-Mensah, 2016). And it is usually the needy who involve themselves in this form of business as a survival or coping strategy in an attempt to make ends meet.

In addition to the desire to cater for one's self and that of the family, "Goro" boys have engaged in this business because they wanted to improve their financial status. For instance, GD indicated that:

*"... In the year 2001, I moved to join my sister in Accra, where I started the "Goro" business before learning carpentry, but I realised the carpentry business was bad so I went back into the "Goro" business as it provided me with a greater income".* --GD

This motivational factor agrees with the findings of some researchers, who have found that many individuals engage in micro-enterprises to improve their financial status and to support in decreasing the unemployment menace that has bedevilled many African countries. It must, however, be noted that financial freedom, which featured prominently as one of the motivational factors for "Goro" business, is inconsistent with the findings of Nichter and Goldmark (2009) who posit that the principal aim of many micro-entrepreneurs in not financial.

Table 5.2 depicts the summary of the results and cross cases of the themes that emerged from the findings.

**Table 5.2: Summary of the Cross-Case Analysis in Relation to the Objectives of the Study**

| **Themes/Cases** | **GA** | **GB** | **GC** | **GD** | **GE** |
|---|---|---|---|---|---|
| **<u>Operational Process</u>** | | | | | |
| Facilitators (F) | * | * | * | * | * |
| Networking (N) | * | * | * | * | * |
| Marketing Strategies (MS) | * | * | * | * | * |
| Financial Strategies (FS) | * | * | * | * | * |
| **<u>Growth Indicators</u>** | | | | | |
| Improved Standard of Living (SL) | * | * | * | * | * |
| Personal Wealth or Asset (PW) | * | * | * | * | * |
| Vertical Subsidiaries (S) | | * | | | * |
| Income (I) | * | * | * | * | * |
| **<u>Challenges</u>** | | | | | |
| Inadequate Capital/Financing (IF) | * | * | * | * | * |
| Lack of Permanent Shop (LPS) | * | * | * | * | * |
| Vagaries of the Weather (VW) | * | * | * | * | * |
| Lack of Government Support (GS) | | * | | * | * |
| Fluctuation in Prices (FP) | | * | * | | |
| Imitation of Spare Parts (ISP) | | | | | * |
| **<u>Solutions to Challenges</u>** | | | | | |
| Personal Savings | * | * | * | * | * |
| "Susu" Collectors | | | * | | * |
| Borrowing from Family and Friends | * | * | * | | |
| Adopting Competitive Marketing Strategies | | * | | * | |

**Note**
(*) means the variable of the theme has an impact on the case.

*Source: Adapted from Blankson and Crawford (2012)*

### 5.2 Discussion of Findings

This section discusses the study findings with extant literature.

#### 5.2.1 Objective One: Exploring the Operational Processes of "Goro boys"

In achieving objective one of this study, the researcher asked questions to explore how "Goro boys" in Abossey-Okai Market go about their daily business. The study discovers that "Goro boys" act as facilitators who assist prospective customers buy what they want. As observed by the respondents, these operators situate themselves in strategic locations along the street and market area where they see potential buyers and approach them for business transactions. This, they believe, helps them to attract more customers. This finding resonates with the discoveries of Kusakabe (2010) in his street trader survey, who found that, through the activities of many micro-entrepreneurs (especially those who operate in the street), goods and services are made available to buyers, thereby saving them time and stress involved in looking for products or journeying to the main vendors**.** Walsh (2010) mentioned that micro-entrepreneurs that operate in the street are very flexible and so vary their locations of transacting business to new locations where business may be booming.

Additionally, these "Goro boys" do not own spare parts or permanent shops but associate themselves with the major dealers or shop owners to get spare parts for their customers. This networking, they agreed, is principally based on trust. The shop owners network with the operators because it helps them to attract more customers due to the competitive nature of the spare part business. According to Gruat La Forme, Botta, Genoula, and Campagne (2007), many micro-entrepreneurs network with other operators because it helps them to access resources, knowledge/skills and to source physical capital or information as well as defend market position, profits, and risks and benefits. Reddy (2015), similarly found that micro-enterprises engage in networking because it offers opportunities for new relationships and links or markets. In his empirical investigation "street vending and competitive advantage in Ghana", he found that the majority of micro-entrepreneurs do not have permanent shops or premises, but occupy pavements and walkways (Amoah-Mensah, 2016). The findings also revealed that "Goro boys" profit from a percentage they add to the cost of the product, which is sometimes dependent on how well they can bargain for a better deal with the shop owners they take the spare parts from. These 'Goro boys" also get tips from customers they assist.

The study furthermore discovers that "Goro boys" have adopted marketing strategies in order to attract more customers, due to the huge number of "Goro boys" that operate in the market. Here they normally whistle or call potential customers to ask them whether they want something to buy. To these "Goro boys" all customers or pedestrians have similar needs, and they target anyone they spot. This is in tune with the revelation of Amoah-Mensah (2016) that the intention of a marketing strategy is to change and influence consumers' demands. This notwithstanding, different prices are charged depending on the bargaining power of the customer. By virtue of the marketing strategy, some "Goro boys" give complimentary cards to their clients. This helps clients to contact them should they need their assistance in the future. Here, the study makes an insinuation that this group of "Goro boys" are innovative enough to make complimentary cards to attract more customers because of the little education they have acquired as compared to other "Goro boys" with no formal education. This corroborates empirical works such as Amoah-Mensah (2016) who found evidence that street vendors have branded their products with their names and telephone numbers for customers to easily locate them on their next visit. According to King and McGrath (2002), although micro-enterprises attract motivated owners and managers, they find it difficult competing with small and larger firms. They noted that the majority of those who operate these microbusinesses are persons with low levels of education and are therefore unequipped to carry out managerial routines for their enterprises.

### 5.2.2 Objective Two: Growth Indicators for "Goro" Business

Objective two investigated the growth indicators of micro-enterprises in Abossey-Okai, Market. In addition to previous research, this study has revealed that an improved standard of living is considered to be a crucial indicator that micro-entrepreneurs use to measure the growth of their business. The entrepreneurs mentioned that an improvement in their standard of living is due to the growth in the business. Field (2011) posits that nine out of ten (10) workers in sub-Saharan African countries operate as self-employed micro-entrepreneurs in the large informal economy with a focus on survival. The fact that these "Goro boys" consider an improved standard of living as an indication that their businesses are growing, supports the work of Mensah (2004) who found that most micro-enterprises in Ghana are established as a livelihood option to cater for the cost of day to day living, and many microenterprises expect growth to positively affect the entrepreneur's well-being (Nichter & Goldmark, 2009). The finding is also consistent with the empirical investigation of Degenhardt et al. (2012). They found that, for micro-enterprises, adequate income and the ability to offer a good living for one's family defines the level of growth and the owner's satisfaction.

Findings from this research clearly point out that micro-entrepreneurs consider their personal wealth or assets (such as land, cars and buildings) as indicators of growth. This finding appears to suggest that being a "Goro boy" is profitable, despite the challenges they face. However, for these operators, personal and business resources are inseparable. The "Goro boys" cannot make a distinction between the two. That is to say that these "Goro boys" have the potential to migrate from the "Goro boy" status into setting up their own enterprises, but for some strange reasons, they prefer to acquire social status by using income from their "Goro" business to buy personal things such as cars, land, and buildings. And so they are developing themselves as individuals but they are not developing their businesses. This is because these "Goro boys" go back to do actually the same business without any improvement.

This finding confirms the findings of Ackah and Vuvor (2011), which states that the micro-entrepreneurs incomes or finances of the business may not be distinguished from any other kind of income of the owner or household earning. These findings also support the definition of firm growth by Paige and Litrell (2002). They defined enterprise growth as the intrinsic criteria and extrinsic outcomes include such elements as: increased financial returns; personal income of the owner of the business; and wealth such as lands and buildings. The contribution of this study, therefore, includes a new and unexplored indicator of micro-enterprise growth, which states that micro-entrepreneurs consider an acquisition of lands, cars, and buildings as an indication that their business is growing.

Another interesting discovery from this study is that "Goro boys" consider establishing subsidiaries as growth. The study found that some operators have established two shops that sell electrical appliances while others completed a training course, and learned about the different aspects of car decoration. Interestingly, none of these "Goro boys" has expanded the spare parts business by renting shops in the market for themselves; rather they diversify their incomes by creating other businesses. Here also, the implication is that these "Goro boys" actually do have the potential to expand their businesses by renting a shop. Instead, they rather create other micro-businesses for themselves. This raises an important growth indicator for micro-entrepreneurs, namely "diversification". This finding is consistent with the finding of Degenhardt et al. (2012). In their study, "micro-enterprise growth: evidence-based policy implications", they found that many researchers often focus on growth within a given business (vertical growth). In this current study, there is much evidence from the findings that micro-entrepreneurs, especially survival entrepreneurs with surplus income or revenues, seem to prefer horizontal growth (i.e., creating new micro-enterprises instead of expanding existing ones). The reason being is that they give precedence to risk diversification rather than growth (Richardson, Howarth, & Finnega, 2004). This, therefore, leads to more businesses, but with low competitiveness. Finding from this study collaborates earlier findings of Nichter and Goldmark (2009). They found that about ninety-six (96) percent of micro-entrepreneurs are interested in income security, but income maximization is not the primary goal of most micro-entrepreneurs, resulting in diversification of income sources, horizontal growth and low growth expectations.

The study furthermore found that the micro-entrepreneurs consider income (referred to as "social") they make from their "Goro" business as a growth indicator. These operators mentioned that they make enough money from the business. However, the operators are not sure of the exact amount of income they make. Here they said that it is the same monies they use in catering for themselves and their families. In the light of this, the researcher cannot classify this income as profit. This finding resonates with the findings of Nichter and Goldmark (2009). They found that about ninety-six (96) percent of micro-entrepreneurs are interested in income security, but income maximization and profit, are not the primary goals of most micro-entrepreneurs. According to Van Dijk (2005), the difficulty of measuring incomes by micro-entrepreneurs is based on several grounds. Van Dijk found that, as these businesses do not keep proper or complete books of accounts, they might not figure out the right financial values. Moreover, income from the business supports household consumption thereby complicating computation of revenues. In the study, these "Goro" boys are uncertain about what financial assets they may have available, which may be dangerous on their part. Despite such problems, income is one of the commonly used measures of growth of micro-enterprises, which are mainly found in the informal economy (Van Dijk, 2005). Further, the study found that the micro-entrepreneurs do not keep proper accounts of their income. Considering the fact that these operators do not keep records of the income they make, echoes the findings obtained by Hunter and Skinner (2001), which state that it is difficult to evaluate or assess the income levels of micro-enterprises due to the fact that the income generated in the informal economy is erratic and records on the amount of money spent are often not kept.

### 5.2.3 Objective Three: Challenges Faced by Micro-entrepreneurs "Goro boys"

Importantly, the study finds that "Goro boys" are challenged with extreme weather condition due to lack of permanent shops or places to trade. The "Goro boys" state that they were exposed to extreme conditions such as high temperatures, rain and sun. This had a significant effect on their business as all activities stopped when it rained. These findings confirm the empirical findings of Yankson and Owusu (2015) that non-permanence of business location is a major challenge to many micro-enterprises in Ghana. Although the business clusters have existed for a long time, only a few micro-enterprises can be said to have some permanency of work-site. He added that, in Ghana, many places where micro-enterprises operate are flood-prone areas, especially those who sell along the pavements. The rainy seasons bring a lot of misery to the operators there. According to Amoah-Mensah (2016), micro-entrepreneurs specifically street operators in Ghana, normally work under harsh conditions. For example, they lack permanent structures and are therefore subject to the vagaries of the weather.

The study discovers that micro-enterprises in Abossey-Okai Market do not get support from the government. They stated that they are not aware of any government initiatives for micro-enterprises. This finding however is contrary to the findings of the study conducted by Bamfo and Asiedu-Appiah (2012), which found that governments in most developed and emerging economies are throwing their support behind the development agenda of micro-enterprises.

The government of Ghana, since independence, has been embarking on pragmatic measures to enhance the activities of micro-enterprises (Boachie-Mensah & Marfo Yiadom, 2007). The “Goro boys” however, were of the view that the government does not support them. For instance, they expected the government to assist them with concessionary loans or find ways of helping them financially.

Another major challenge that emerged was inadequate capital or financing. Specifically, the micro-entrepreneurs mentioned capital, high-interest rates on loans and difficulty involved in accessing formal loans. The fact that “Goro boys” are challenged with lack of financing or inadequate capital echoes a number of findings that have been made by a number of studies, including one conducted by Yankson and Owusu (2015). The study discovered that inadequate working capital or financing is one of the major challenges to growth in micro-enterprises in Ghana. This finding likewise supports a Ghanaian survey conducted by Aryeetey, Kotoh and Hindin (2010), which found that thirty eight-percent (38%) of micro-enterprises find inadequate financing as an impediment to their development and growth. Many financial institutions have had the experience of micro-enterprises defaulting in the payment of loans. In addition, micro-enterprises are sometimes regarded by the financial institutions as risky and not profitable enough (Thornhill & Amit, 2003).

Fluctuations in the prices of spare parts emerged as a significant challenge facing “Goro boys” in Abossey-Okai Market. This finding echoes the study conducted by Yankson and Owusu (2015). In his study “Youth Entrepreneurship in Auto Spare Parts Sales and Repair Service in Accra, Ghana” he found that spare parts dealers in Ghana are confronted with the challenge of high cost of imported spare parts and cost of import duties (Yankson & Owusu, 2015). Respondents as well complained of fake spare parts ruining their business. The prevalence of fake spare parts on the market correlates with the findings of the study conducted by Yankson and Owusu (2015), which found that spare parts dealers in Ghana (specifically Odawna, Kokompe, and Abossey-Okai) complained of imitation of spare parts affecting the quality of services they render or offer to customers.

### 5.2.4 Objective Four: Solutions to Challenges Faced by "Goro Boys"

In spite of these challenges, the micro-entrepreneurs "Goro boys" are leaving no stone unturned to circumvent these challenges. The successes of these micro-entrepreneurs have depended on the ability to acquire small loans through informal financial arrangement popularly known in Ghana as "susu collectors". This, they mentioned, is due to the reason that accessing loans from formal institutions, such as banks, is impossible for some "Goro boys"; and, moreover, other means such as family members do not provide enough financial support. In addition, these "Goro boys" mentioned they depend on their savings and sometimes rely on family and friends for support. These findings are in resonance with the assertions by Quaye and Mensah (2017) and Abor and Quartey (2010) that micro-enterprises depend on their own saving or support from family and friends. However, some micro-entrepreneurs have engaged in effective marketing strategies in an effort to achieve a competitive advantage, and are making the conscious effort to upgrade their knowledge in their areas of operation.

### 5.2.5 "Goro Boys" do not Employ Workers

Another mind-boggling discovery has to do with the fact these operators profess that they do not engage workers or apprentices. These operators indicated that individuals who are attracted to join the "Goro" business will have to imitate others who are doing such business and master it on their own. However, these "Goro boys" engage family members to support them in the business. This discovery aligns with the results of Degenhardt et al. (2012), who found that micro-entrepreneurs choose not to employ workers because they do not want to share decision-making. Again this finding supports the argument made by Aryeetey and

Ahene (2005) that micro-enterprises in Ghana begin small and end small with no form of growth regarding the number of employees. Degenhardt, Horvath, and Maddock (2012) concluded that less than three (3) percent of micro-firms grow with four or more workers. This, however, does not suggest that "Goro" businesses do not grow.

# CHAPTER SIX

# SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

## 6.0 Introduction

It is recalled that the previous chapter of this research study presented the findings from the interview session as well as discussions of the findings. This final chapter of the research report provides a summary of the study and its major results, conclusions, and significance of the study. Based on the conclusions drawn from the findings of this research, recommendations (for policymakers, micro-entrepreneurs, and other stakeholders), as well as limitations and proposed future directions on this research topic, are presented.

## 6.1 Summary of the Study

Globally, entrepreneurship and the development of micro-enterprises have contributed immensely to the economic development of countries (both developed and developing) all over the world (Abor & Quartey. 2010; Calza & Goedhuys, 2016). Contextually, the most dominant form of business is micro-enterprise, which is mostly found in the informal sector, representing over 80 per cent of all businesses (Blankson et al., 2018). In spite of their contributions, literature has not provided accurate assessments of growth of these micro-enterprises as well as provided a better understanding of the challenges they face. Thus, this research investigated what micro-enterprises consider as growth by drawing some lessons from micro-entrepreneurs from Abossey-Okai called “Goro boys”.

Before the findings, extant literature was reviewed in relation to some thematic areas such as evolution and definition of entrepreneurship, formal and informal sectors, the concept of growth, and typologies of growth indicators. It also included the concept and definition of micro-enterprise, challenges to the growth of micro-enterprises in Ghana, the empirical review and the institutional theory. In addition, a brief discussion on Abossey-Okai Market and an overview of "Goro boys" activities in Ghana, was also presented. After the literature review, a qualitative research method and a case study strategy were used and, consequently, an interview guide was developed to interview five "Goro boys" in Abossey-Okai Market. Discussions and interviews were recorded and the data acquired was transcribed and later analysed thematically. The findings of this study were presented and the discussions were made in light of extant literature and the objectives of the study.

## 6.2 Summary of Major Findings

### 6.2.1 Objective One: Operational Processes of "Goro boys" in Abossey-Okai Market, Accra

Objective one of this research was to explore the operational processes of "Goro boys" in Abossey-Okai Market, Accra. The findings revealed some essential operational processes of these micro-entrepreneurs. It emerged from the findings that those micro-entrepreneurs, colloquially referred to as "Goro boys", act as expert facilitators who help the potential customer buy what they want.

It emerged from the findings that "Goro boys" engage in networking that is based on trust between them and shop owners. The findings also showed that the networking was based on recommendations from other colleagues.

It likewise emerged from the findings that "Goro boys" employ some proactive marketing strategies where they call their clients to inquire if they will need any material or spare parts.

### 6.2.2 Objective Two: Growth Indicators of Micro-enterprises

Objective two investigated what micro-enterprises consider as growth. It emerged from the findings that:

Micro-entrepreneurs consider an improved standard of living as an indicator of growth. It emerged from the findings that an enhancement in the standard of living of the "Goro boys" is seen as a growth in the business.

It furthermore emerged from the findings that micro-entrepreneurs consider income from the "Goro" activity as a growth indicator. This finding suggests that the ability of the micro-entrepreneurs to generate enough income from their activities mean their business is growing. Micro-entrepreneurs, "Goro boys", generate income through margin added to the cost of materials they get from shop owners. Additionally, "Goro boys" make money through "tips" from customers they help.

Findings from the study likewise showed that micro-entrepreneurs consider their personal wealth as a means of growth. Micro-entrepreneurs consider their business income and personal assets such as land and building and cars as growth indicators.

The last indicator of growth is subsidiaries. It emerged from the findings that micro-entrepreneurs consider an extension of their business as growth. The finding explains that micro-entrepreneurs with surplus revenues prefer horizontal or lateral growth (i.e., establishing new micro-enterprises instead of expanding existing ones). This is because they give priority to risk diversification rather than growth. This, therefore, leads to more businesses, but with low competitiveness.

### 6.2.3 Objective Three: Challenges Faced that Inhibit Growth of "Goro boys"

The third objective was to identify the challenge(s) faced by micro-enterprises. This objective was assessed using the respondents' experiences that have been gathered over time. The findings point out that, although the respondents indicated that their business is growing, there were pressing challenges inhibiting their growth. These include: lack of a permanent shop and extreme weather conditions; inadequate capital to start their own business; fluctuations in prices of spare parts, imitation of spare parts and lack of government support. The respondents generally agree that, before they started their facilitation business, extreme weather conditions was the major problem because they could not get a stationed place. After achieving some level of growth, the major challenges that they are currently battling are lack of a permanent shop, and the inability to generate financial support.

Thus, the findings showed that the fluctuation in prices of spare part is the major challenge that affects their profit.

### 6.2.4 Objective Four: Strategies to Curb Challenges Inhibiting Growth

Regardless of these challenges, the micro-entrepreneurs are leaving no stone unturned to circumvent these challenges. Respondents indicated that, because they possess entrepreneurial qualities, they are able to effectively and efficiently manage the challenges through savings with "susu" collectors.

It moreover emerged from the literature that micro-entrepreneurs borrow from family and friends to finance and support their operations. Lastly, the findings show that micro-entrepreneurs have developed strong competitive marketing strategies in order to generate more clients.

### 6.2.5 Other Notable Findings

Another notable finding from this study is that micro-entrepreneurs do not engage workers or apprentices. The respondents agree that individuals who are interested in joining such business imitate others who are already doing business and master it on their own. However, micro-entrepreneurs sometimes engage family members to support them in the business.

## 6.3 Conclusions

Based on the findings of this study, the following conclusions were drawn:

- "Goro boys" operate as facilitators, engage in networking, and adopt aggressive marketing and financial strategies in their operations.
- Improved standard of living, increase in wealth, the establishment of subsidiaries, income from the "Goro" business are considered as growth measures (i.e. micro-enterprises use both subjective and objective measure of growth).
- The focus on challenges that inhibit the growth of micro-entrepreneurs includes inadequate financial opportunities, lack of permanent shops, extreme weather conditions, lack of government support, price fluctuations and imitation of spare parts.
- In the Ghanaian context, micro-entrepreneurs in Abossey-Okai Market overcome challenges through personal savings, "susu" savings, borrowing from family and friends and competitive strategies.

The findings of this research as presented above are indications that the research has achieved its main objective. It intended to investigate the specific growth indicators used by micro-enterprises in measuring the growth of their business. Hence this study has been fruitful in achieving its objectives.

Nonetheless, based on the study findings, the research concludes that micro-enterprises in Abossey-Okai Market grow, however, their indicators are not functional growth per se, but are about survival. This means that literature's assessment of micro-enterprise growth is skewed because they are considering growth from the view of the formal sector, and against that measure it appears that micro-enterprises do not grow. This is evident based on the specific growth indicators that were revealed in this study.

### 6.4 Recommendations

Drawing from the conclusions above, the study makes some recommendations to micro-entrepreneurs and policymakers such as government and non-governmental organisations.

- Growth indicators of micro-enterprises should be redefined to focus and include measures such as: improved standard of living; personal wealth; horizontal diversification; and personal incomes of micro-entrepreneurs.

- It was evident in the findings that, it was difficult for micro-enterprises to access loans from formal financial institutions. One important recommendation for effective management of micro enterprises is to build reliable data sources for micro-enterprise finance**.** An effective data collection framework at the national level is important and it should include efforts to standardize the definition of micro-enterprises. Important demographic data on micro-entrepreneurs such as turnover and asset size should be available and help normalize access to data. Effective data and records are expected to correspondingly offer financial institutions information to assess credibility and creditworthiness of these micro-enterprises. It is expected that a computerized business registry of micro-enterprises would further facilitate the data gathering process and would serve as an important first step for firms joining the formal sector.

- While the debate on whether micro-enterprises grow or not, growth of micro-enterprises remains critical to livelihood of the entrepreneur. Therefore, the fundamental recommendation is that micro-enterprise development interventions (e.g. partial credit guarantee schemes, small grants) should be well focused on poverty reduction schemes that help micro-enterprises grow (which aim to increase incomes, productivity or employment prospects of poor people) and furthermore protect them from collapsing (which aims to reduce the vulnerability of the poor).

- Existing policies for micro-enterprises are impregnated by a focus on the few of them who have growth potential. This is partly because of a conscious choice to concentrate on formal entrepreneurs 'who can make a difference' and provide 'role models' (see, for example, Rogerson, 2001); and partly because almost all enterprise development professionals use characteristics of growth-oriented businesses as outcome indicators for their interventions. Such behaviour leads to a bias in the 'income and employment generation' dimension of poverty alleviation programmes. The study recommends that, instead, such programmes should aim at providing a modest but crucial contribution to poverty alleviation interventions, by bolstering the role of survival businesses as a buffer against slipping deeper into poverty. This requires restating a well-established dichotomy within (chronic) poverty reduction schemes, which aim to increase incomes, productivity or employment prospects of poor people and protects them from the vulnerability of the poor.

- Last but not least, policymakers, related governmental institutions as well as various stakeholders must work together to create effective policies that will encourage education and training of entrepreneurs, especially those with low levels of education, on a sustainable basis. It is also recommended that government should intervene from time to time in arranging cheaper imports of raw materials for micro-enterprises. Effective marketing arrangement needs to be incorporated. Government intervention should also focus on building market channels for micro-enterprises to enter the larger market. This intervention, when effectively implemented by the government will help stimulate the activities of these micro enterprises.

## 6.5 Suggestions for Future Research

This study recommends that future researchers who intend studying this research area could adopt these growth indicators when measuring micro-enterprise growth. This study may employ a quantitative methodology to expand understanding from a quantitative perspective. Likewise, researchers could expand the scope of the study by including other geographical areas, especially within the same region.

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# APPENDIX 1

## UNIVERSITY OF GHANA BUSINESS SCHOOL

## DEPARTMENT OF MARKETING AND ENTREPRENEURSHIP

**INTERVIEW GUIDE:**

Dear Respondent,

This interview guide is designed to assist the researcher to investigate “the growth indicators used by micro-enterprises in Abossey-Okai market to measure growth”.

**SECTION A: PROFILE OF RESPONDENTS**

1. Sex:

Male [ ] Female [ ]

2. What is your age?

24-28 [ ] 29-33 [ ] 34-38 [ ] 39-43 [ ] 44-48 [ ] 49-53 [ ] 54-59 [ ]

3. Are you married?

Yes [ ] No [ ]

4. What is your Educational level?

No formal education [ ] Basic [ ] Secondary [ ] Tertiary [ ]

5. How long has the business been in operation?

1-5 [ ] 6-10 [ ] 11-15 [ ] 16-20 [ ] 31-35 [ ] above 35 [ ]

6. Have you registered your business?

Yes [ ] No [ ]

5. If not registered, why?

**SECTION B: OPERATIONAL PROCESS OF "GORO" BUSINESS**

1. How do you operate here "Goro boy"?
2. How do you get your spare parts?
3. How do you make money?
4. How do you get your customers?

**SECTION C: GROWTH INDICATORS**

1. Do you think this business has grown?
2. Why do you think this business has grown?
    a) Have you employed anyone since you started this business?
    b) Have your customers increased?
    c) Have there been changes in your profit?
    d) Have your sales increased?
    e) Have your assets increased?
    f) Have there been changes in the size of your business?
3. Do you have plans on expanding your business in the future?

**SECTION D: CHALLENGES**

1. What are some of the challenges you encounter in operating this business?
2. Have you exited or temporarily halted business before?
3. Why do you stand by the roadside?

4. Do you get any financial support/ loans from financial institutions?

**SECTION E: STEPS TAKEN TO MITIGATE THE CHALLENGES**

1. In relation to the challenges raised earlier, what steps have you personally taken to address or reduce the impact of these challenges? (probe in relation to specific challenges)