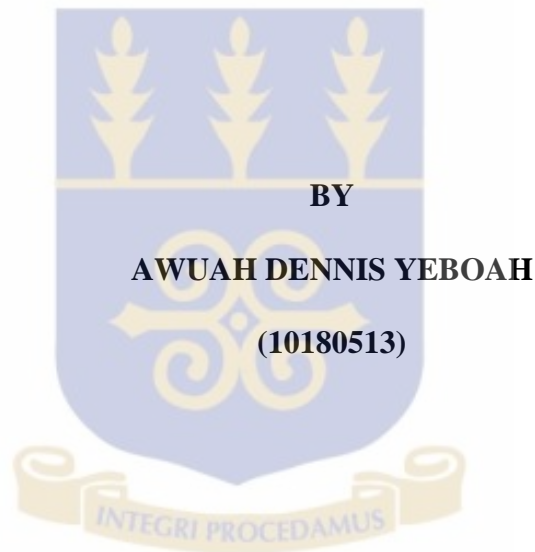


**UNIVERSITY OF GHANA**

**STRATEGIC MANAGEMENT PRACTICES AND YOUTH ENTERPRISE**

**DEVELOPMENT IN GHANA: AN EMPIRICAL ANALYSIS**



**A THESIS SUBMITTED TO THE DEPARTMENT OF ORGANISATION AND HUMAN RESOURCE MANAGEMENT, UNIVERSITY OF GHANA, LEGON IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF PHILOSOPHY IN BUSINESS ADMINISTRATION (HUMAN RESOURCE MANAGEMENT OPTION) DEGREE**

**JUNE, 2015**

## DECLARATION

I declare that this work is the result of the research work by Awuah Dennis Yeboah under the supervision of Dr. Obi Berko Damoah and has not been presented by anyone for any academic award in this or any other institution. All references used in the work have been fully acknowledged.

I do bear sole responsibility for any shortcoming.

.....

AWUAH DENNIS YEBOAH  
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.....

DATE



## CERTIFICATION

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

.....

DR. OBI BERKO DAMOAH  
(SUPERVISOR)

DATE



## DEDICATION

I dedicate this work to my parents Mr. Simon Yeboah Bese and Nana Missah II for their investment, benevolence and support in my upbringing. Lastly, I dedicate this work to all my siblings and loved ones.



## ACKNOWLEDGEMENT

I wish to render my gratitude and thanks to the almighty God for His guidance and protection. For me to complete this work has always been by His grace. To my Supervisor Dr. Obi Berko Damoah, I say “Thank you” for the time, strict supervision and assistance. To Mr. P. K. Abrefa, Department of Social Work, University of Ghana, Justice Yaw Appau, Justice of the Supreme Court, Dr. Simon Saku, Medical Director, Emil Memorial Hospital, Dr. Robert Opoku Ankomah, Mr. Sampson Afrifa and to all the lecturers at the Department of Organization and Human Resource Management, University of Ghana Business School. To my family, I say “thank you” for your support and prayers.



## **ABSTRACT**

This study sought to provide an empirical analysis of strategic management practices among owner-managed youth enterprises in Ghana. The study adopted a qualitative approach because it sought to gain an in-depth understanding of the issue. In all, twenty (20) owner-managed youth firms participated in the study. Strategic management practices were perceived in order of importance as the practices that transformed strategy into action; practices that form the core values of a firm and practices that inform managements' approach to implement business strategies. The findings of the study also showed that, in order of importance, owner-managed youth firms utilized the following strategic management practices; corporate goals, internal and external analysis, mission and vision statements, action plan and long-term objectives. According to the interviewees, some of the implications of the strategic management practices on their businesses are: increase in profit, increase in sales volume, increase in production, adoption of new methods of doing things in the firm and increase in firm size (employees). The study however recommended the adoption of all the strategic management practices by youth enterprises in Ghana because of their relative impact on firm growth and development. The study also recommended the inclusion of strategic management practices in the training programs of stakeholders in the field of youth entrepreneurship development in Ghana.

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**LIST OF ABBREVIATIONS**

BCG	-	Boston Consulting Group
GYEEDA	-	Ghana Youth Employment and Entrepreneurial Agency
HND	-	Higher National Diploma
ICT	-	Information and communication technology
ILO	-	International Labour Organization
IMF	-	International Monetary Fund
KBV	-	Knowledge-Based View
KEEA	-	Komenda- Edina-Eguafo-Abirem
MSE	-	Micro and small enterprises
NYEP	-	National Youth Employment Program
OL	-	Organizational learning
PLC	-	Product life-cycle
PPP	-	Purchasing power parity
RBV	-	Resource-Based View
SBU	-	Strategic business units
SCA	-	Sustainable competitive advantage
SE	-	Small enterprises

SME	-	Small and micro enterprises
SMP	-	Strategic Management Practices
SPSS	-	Statistical Product and Service Solutions
SSA	-	Sub-Saharan Africa
SWOT	-	Strength, Weakness, Opportunity, Threat
UNDP	-	United Nations Development Programme
UNECE	-	United Nations Economic Commission for Europe
UNICEF	-	United Nations Children's Fund
YRE	-	Youth-Run Enterprises

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the Study

Employment opportunities of young people have been shattered due to transformation of labour markets, economic restructuring and globalization (Jeffrey 2010; Ruddick 2003). In Sub-Saharan Africa, dwindling public sectors and scarce opportunities for gaining formal wage employment in the private sector have culminated in an escalating number of young people being obliged to create employment for themselves in the informal sector (Calvés & Schoumaker, 2004; Chigunta, James-Wilson, & Torress, 2005; Langevang, 2008). Joblessness and under-employment have become key development challenges and numerous international institutions have specifically recognized the endorsement of entrepreneurship among young people as a main solution (World Bank, 2006; Africa Commission, 2009).

Sathiabama (2010) explains entrepreneurship as the creation of wealth by individuals or groups of individuals through a dynamic process. Rwigema and Venter (2004) argue that entrepreneurship is the process of organizing, initiating, conceptualizing and through innovation, fostering a business prospect into a potentially high developed business enterprise in a complex and unsteady environment. Dwelling on the definition by Rwigema and Venter (2004), it could be argued that entrepreneurship involves the ability of an individual or groups of

individuals to develop innovative ideas that could be developed into a business over time. In this vein, entrepreneurship among the youth has become a focal indicator for economic development across both developing and developed countries. It is therefore not surprising that youth entrepreneurship is at the heart of most government programmes across the world because of its relative importance to the economy.

Youth entrepreneurship develops the general standard of society as a whole, which culminates to national security and political stability (Dei-Tumi, 2011; Shukla & Awasthi, 2001; UNDP, 2000). Kantis et al., (2002) add that, the development of micro and small enterprise sector can be seen as the lifeblood for the improvement of large companies, and probably support commerce and industry. The significance of small businesses, as the impetus of sustainable wealth and job establishment, has been recognized by Abor and Quartey (2010) and Midfred (2010). Mkhize (2010) adds that entrepreneurship, as a potential explanation to the increasing problem of youth joblessness, is essential to ensure the accomplishment of small and micro enterprises (SMEs).

At the national platform, a corresponding discourse on entrepreneurship encouragement providing the remedy to the employment challenge has emerged and some governmental institutions in Sub-Saharan Africa have developed precise youth employment and entrepreneurship programs (Chigunta et al. 2005; Garcia & Fares 2008). Youth entrepreneurship reduces income inequality, poverty,

crime and drug addiction. This ultimately induces a setting for national and regional economic expansion and growth (Mutezo 2005; Curtain, 2004). Youth entrepreneurship can be accepted to play a vital role in contributing to economic growth and reducing joblessness levels considering the deteriorating fortunes in the employment capacity of enterprises operating in Ghana (Kanyenze, Mhone & Sparreboom, 2000).

At both the macro and micro levels of economic development, entrepreneurship is noted to bring benefits (Henry, Hill & Leitch, 2003). This point is however reinforced by Gibb and Cotton (1998) who observed that in addition to the macro and micro benefits of entrepreneurship, there are societal, global, individual and organizational benefits of entrepreneurship.

Unemployment reduction, reduction of the risk of youth delinquency, increasing social inclusion, promoting innovation and new economic niches, enhancing self confidence among youth, improving youth skills and knowledge makes youth entrepreneurship important from both economic and social points of view. Hence, youth entrepreneurship must be sustained as a valuable basis of job establishment and economic enthusiasm (Zamfir, Lungu & Mocanu, 2013). Business support, institutional framework, access to financing mechanisms, awareness and public attitude on youth entrepreneurship and entrepreneurship education makes the development of youth entrepreneurship very rational (Schoof, 2006). Although the researcher succumbs to the success indicators for youth entrepreneurship by

Schoof (2006), it could be argued that, the utilization of strategic management practices also has the tendency of enhancing the development of youth enterprises.

To solve youth unemployment problem and ensure economic growth in Africa, most African governments have developed entrepreneurial skills development programs (Nafukho, 1998). Government, private organizations and civil society institutions have offered programs and projects as models of youth enterprise. Youth enterprise is a very crucial line in Ghana that is why there has been the establishment of the Youth Enterprise Support (YES) Fund office and the setting up of youth programs and projects like the National Youth Employment Program (NYEP), Youth in Agriculture Program, the National Service Scheme and Ghana Youth Employment and Entrepreneurial Agency (GYEEDA) to integrate the youth in the main socio-economic streams in Ghana. Despite the implementation of these youth entrepreneurship programs, the unemployment rate of the youth in Ghana is still high. Although these youth entrepreneurship programs have facilitated the establishment of youth enterprises in Ghana, most youth enterprises find it difficult to survive. Most youth enterprise initiatives in Ghana suffer from growth and development challenges. This is mainly as a result of frequent changes in government and thus its subsequent changes in policies. Inefficiency, corruption and bureaucratic procedures make job creation a fantasy, thus fuelling youth unemployment especially among students exiting secondary and tertiary

education (Amankrah, 2012). Against this background, this study seeks to find out the impact of strategic management practices among youth enterprises in Ghana.

### **1.2 Problem statement**

Entrepreneurship is regarded as the economic engine by numerous countries in the world (Carree & Thurik, 2002). This is owed to the fact that it involves the formation of new enterprises that provide goods and services to people, creates jobs as well as enhancing the economic development and growth of any country. Linking youth in the formal sector through entrepreneurship is a way of usefully engaging them. Additionally, entrepreneurship strengthens social networks, giving a sense of belonging and chance to add worth to the local community and economy. The possession of the possible characteristics of entrepreneurs by the youth makes youth entrepreneurship a success (Boateng, Boateng & Bampoe, 2014). These characteristics however include a desire to start own enterprise, eagerness to undertake any business enterprise and activity of which the result and outcome is cloaked in a state of uncertainty, single-mindedness, vision, perseverance, high need for achievement, initiative and responsibility (Zimmerer & Scarborough, 2008).

During the early years of independence in the 1960s and 1970s, young people in Africa did not pose a serious social problem. As a consequence, unemployed and disadvantaged youth were not seen as a major target for governments and funding agencies (Bennell, 2000; Mulenga, 2000). As Argenti (2002) observe,

youth as a social group largely went unnoticed, or ignored by national and international researchers and policy makers whose methods of analysis and decision-making were broadly insensitive to the challenges facing young people in making the transition to economic independence.

Since the mid-1970s, however, concerns have been rising over the socio-economic situation of young people in much of Sub-Saharan Africa (SSA) and the prospects of creating additional livelihood opportunities for them (Mandela, 1991; Mkandawire, 1996; 1997; 2000; Schnurr, 1998; Bennell, 2000; Curtain, 2000; Bakilana and de Waal, 2002; Temba and de Waal, 2002). The protracted and deep-rooted economic crisis that has affected nearly every SSA country since the early 1980s has adversely impacted on the well-being of the majority of people (Ghai, 2000; Owusu, 2000). As a consequence, many ordinary women and men have experienced a decline in their welfare owing to a decline in real incomes and declining social sector expenditure per head (Basu & Stewart, 1993; Stewart, 1995).

This fall, that appears to have been exacerbated in a number of countries by war, civil strife and environmental disasters (Bangura, 1997; Stewart, 2000; Mkandawire, 2002), is manifest in the general decline or reversals in the major social indicators of progress as well as the widespread and deepening poverty in much of Africa. World Bank, IMF, UNDP and UNICEF reports show that over 40 percent of the population of SSA are living in absolute poverty or on a purchasing

power parity (PPP) of less than a US\$1 per day. However, it is youth, women and other vulnerable people who seem to have particularly borne the brunt of the economic crisis and the measures adopted to restructure the economies (Mkandawire, 1996; 1997; Bennell, 2000; Argenti, 2002). Ghana, being the first sub-Saharan country to attain independence has not been left out with the menace of high unemployment rate among the youth.

The high rate of unemployment among the youth has been the focal indicator for the establishment of enterprises by the youth of today. Mensah (2009) posits that, the crisis of youth joblessness and under-employment in Africa poses complex socio-economic, political and moral policy issues. The author opines that supporting entrepreneurship through promoting the growth of the micro and small enterprises (MSE) sector can be a solution to reducing joblessness levels in most Sub-African countries. However, youth enterprises have peculiar challenges which they are coupled with in their operations. Sandhu, Sidique and Riaz (2011) propose that fear of failure, avoidance of risk, lack of social circle and lack of resources are the possible variables that affect entrepreneurship. Chowdhury (2007) posits that political instability, lack of infrastructure facilities, corruption, proper education and training and lack of financial support are the bane to entrepreneurship in developing nations.

Both macro and micro level factors are identified as the main challenges. Nevertheless, the firm level literature offers a number of suggestions regarding

how youth enterprises can thrive in the midst of macro-level challenges. Of the suggestions in the literature include strategic management practices. However, in Ghana while most youth enterprise initiatives are ongoing, systematic research that examines the understanding and application of strategic management practices is barely available. Robust policy regarding the growth and promotion of youth enterprise does not exist. While literature argues that strategic management practices is one of the frameworks that enhances youth growth and development, a paucity of studies have examined the extent to which strategic management practices are used by youth entrepreneurs in Ghana. Consequently youth policy in Ghana is affected. The study therefore seeks to fill this gap.

### **1.3 Research Objectives**

The study is set to achieve the following objectives.

- i. To examine the perception of owner-managed youth enterprises on strategic management practices.
- ii. To find out which strategic management practices are used by Youth businesses in Ghana.
- iii. To examine the relative strength of strategic management practices among owner-managed youth enterprises.
- iv. To investigate the implications of strategic management practices on the growth and development of owner-managed youth firms in Ghana.

#### **1.4 Research Questions**

The study responds to the following research questions in the achievement of the stated objectives.

- i. What is the perception of owner-managed youth enterprises on strategic management practices?
- ii. What are the strategic management practices used by Youth Enterprises in Ghana?
- iii. What is the relative strength of strategic management practices among owner-managed youth enterprises?
- iv. What are the implications of strategic management practices on the growth and development of owner-managed youth firms?

#### **1.5 Significance of the Study**

The significance of the study dwells on its contribution to research, policy and practice. Firstly, in the realms of research, the findings of the study will contribute immensely to knowledge in the academic domain. This is because, the lack of extant research on the impact of strategic management practices among youth enterprises makes the findings of the study very relevant in the field of academia as it will serve as a point of reference to future researchers.

Secondly, in terms of policy, the findings of the study will be beneficial to policy formulators as well as stakeholders of youth enterprises development to appreciate the role of strategic management practices in the growth of youth

enterprises in Ghana. In this vein, policy formulators and stakeholders will be well informed as to which strategic management practices will fit more in the growth of youth enterprises in Ghana.

In terms of practice, the findings of the study will be of much relevance to managers of youth-owned enterprises on the need to imbibe strategic management practices as a yardstick to gain competitive advantage over their counterparts.

### **1.6 Scope and Limitation of the Study**

This study is limited in scope as it seeks to evaluate the impact of strategic management practices on the growth of youth enterprises in the Greater-Accra region. It is therefore impossible to generalize the findings of the study to other parts of the country.

Moreover, access to comprehensive literature on the subject matter is also a limitation to the study. The researcher observes that, most studies in Africa and other developed countries have stressed on the economic importance of youth enterprises as well as the challenges encountered by youth-owned enterprises in their growth and development. However, extant empirical literature does not exist on the impact of strategic management practices on the growth of youth enterprises.

### **1.7 Organization of the study**

This study was sub-divided into five chapters. Chapter one comprised of the background to the study, problem statement, aims of the study, research questions, significance of the study, scope and limitation of the study as well as the organization of the study. The second chapter reviewed literature of relevance to the study. Theories and models of importance to the study shall comprise the theoretical review while existing studies on the subject matter shall comprise the empirical review.

Chapter three comprised the methodology of the study. This was made up of the research design, population of the study, sampling frame, sample size, instruments for data collection, procedure for data collection and the ethical considerations guiding the study. Chapter four comprised of the data analysis. It included the usage of appropriate statistical tools to analyze data gathered from the respondents of the study. The findings of the study were also discussed in this chapter. Chapter five comprises of the summary of findings, conclusion, recommendations for the study as well as recommendations for future studies.



## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1 Introduction

Youth unemployment has become a major challenge in the 21st Century and is of critical concern to almost every country in the world. A 2010 Report by the International Labour Organization (ILO) revealed that SSA is one of the regions highly affected by youth unemployment. Globally, the youth unemployment rate stood at 15.4% in 2010 with a total of 84.8 million young people unemployed. Developed economies had a youth unemployment rate of 17.7% in 2010 while developing economies in Sub-Saharan Africa and North Africa had unemployment rates of 13.6 % and 25.3% respectively. The number of youth unemployed increased to 76 million with the youth-adult employment ratio remaining almost constant at 2.8. (ILO, 2010).

According to Gudda and Ngoze(2009), the high unemployment rate among the youth has variously been attributed to low absorptive capacity of the economy, weak implementation and coordination of youth targeted employment interventions, lack of appropriate skills, and job selectiveness. These are conceived as a complex function of lack of employability, limited employment creation or absorptive capacity of the economy, weak entrepreneurship culture and unequal opportunities.

Globally, youth entrepreneurship has emerged as a development strategy to address a constellation of issues catalyzed from an estimated 81 million jobless youth aged 15-24 (ILO, 2010). Given that many nations categorize youth within a wide age range, numbers may in fact be more drastic. High rates of unemployment are proven to exacerbate rural- urban migration, poverty, food insecurity, crime and violence among this generation (Chigunta, 2002; Schoof, 2006; Chigunta et al., 2005).

Youth entrepreneurial development models are rooted in the notion that entrepreneurship will address systemic causes of poverty through the integration of youth into domestic and international markets (Salkowitz, 2010). In doing so, youth are agents in the institutional and structural frameworks of poverty reduction plans, national economic growth and youth employment programs (Wohlmuth et al., 2008)

Youth entrepreneurship is provoked from an intrinsic 'entrepreneurial spirit' that is said to exist in youth (Kourilsky & Walstad, 2007). Scholars argue that development strategies fail without the entrepreneur as part of their overall framework because development processes are fed by the innovative and leadership characteristics found distinctly in the entrepreneur (Virgill, 2008; Schumpeter, 2003). Youth are perceived as calculated risk takers, collaborative, globally focused, intrinsically urgent to succeed and innovative/creative thinkers (Salkowitz, 2010; Motts, 2000).

Since the youth are perceived as calculated risk takers, collaborative, globally focused and creative thinkers as opined by(Salkowitz, 2010; Motts, 2000), it is reasonable to argue that, youth enterprises has the tendency to be guided by both long-term and short-term strategies. The existence of these short and long-term strategies require concrete management for its successful implementation. Strategic management is the full set of commitments, decisions, and actions a firm requires to carry out its strategy to gain sustainable competitive advantage (Wheelan and Hunger, 2002). Strategic management guides how the basic work of the organization is approached; ensures the continual renewal and growth of the firm, and provides a context for developing and carrying out the strategy that drives the firm's operations (Kuratko &Audretsch, 2009).

## **2.2 Definition of Concepts**

Key concepts that are relevant to the study would be defined but they are not limited to youth, owner-managed youth enterprises, strategic management, strategy, enterprise development and enterprise growth.

### **2.2.1 Youth**

According to the United Nations as cited in Chingunta (2002), youth is defined as those persons between 15 to 25 years of age. Galworth (2004) defines youth as the moment in a life time when an individual is young particularly the time before a child becomes an adult (18-30 years). Youth basically means a young person among childhood and adulthood. It is an evolution stage between adolescent and

adulthood (Adegun and Akomolafe, 2013). Ejiogu (2001) contends that a person aged between 17 and 20 years is a youth. FGN (2001) and Oluwadare (2004) defined youth as individuals within age cohort 10 to 24 years. However, majority of the definitions of youth direct to a period of between adolescent and adult age. In Africa, like in most developed countries, a person is considered a youth when the individual reaches the age which is usually known as the age of majority. This age is frequently 18 in most countries and consequently that particular person becomes an adult member of society (Adegun & Akomolafe, 2013).

In Ghana, a definition by the Ministry of Youth and Sports (MOYS, 2010) as espoused in National Youth Policy has been adopted for the purposes of this study. The policy defines “youth” as “persons who are within the age bracket of fifteen (15) and thirty-five (35)”.

### **2.2.2 Owner-managed youth enterprises**

Owner-managed youth enterprises are defined as enterprises belonging to and managed by individuals within the age bracket of 15 to 35. These enterprises are also managed by the owners and thus they partake in the daily operational activities of the enterprises.

### **2.2.3 Strategy**

According to Mintzberg et al. (1998) there is no single, universally accepted definition of strategy. The early definition of strategy was provided by the

American business historian, Chandler (1962) who defined strategy as determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out those goals. Mintzberg (1994) portrays strategy as a plan – a direction, a guide or course of action into the future – and as a pattern, that is, consistent in behaviour over time. Strategy is an integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage (Barney, 2002; Hitt, Ireland and Hoskisson, 2001). Strategy refers to an integrated and coordinated set of management commitments and acts designed to exploit organizational core competencies and gain competitive advantage (Barney, 2002; Barney and Clark, 2007; Hitt, Ireland and Hoskisson, 2001; Sirmon, Hitt and Ireland, 2007). Quinn (2003), concluded that the strategy must have clear objectives and also be flexible and coordinated, the need for management strategy and committed leadership. For the purpose of this study, strategy is defined as initiatives taken by an organization for either a long or short-term that is geared towards ensuring competitive advantage through effective implementation. This definition is justified on grounds that, organizations are not only to know the initiatives responsible for gaining the competitive advantage that they require. Rather strategy encompasses the element of effective implementation because, whatever initiatives that are taken by an organization in order to gain a competitive advantage requires effective implementation.

#### **2.2.4 Strategic management**

Strategic management involves the deploying of a firm's internal strengths and weakness to take advantage of its external opportunities and minimize its external threats/problems (Adeleke, Ogundele and Oyenuga, 2008). Thompson and Strickland (2003) defined strategic management as the process whereby managers establish an organization's long-term direction, set specific performance objectives, develop strategies to achieve these objectives in the light of all the relevant internal and external circumstances, and undertake to execute the chosen action plans. For the purpose of this research however, strategic management is defined as the process of examining both present and future environments, formulating the organizations objectives, implementing and controlling decisions focused on achieving these objectives in the present and future environments. The justification for this definition is that, in formulating both present and future objectives, as organizations evaluate the present environment, they must be able to forecast how the future environment will also be and devise strategies for meeting the demands of the future business environment.

#### **2.2.5 Enterprise development**

Enterprise development involves the utilization of strategies to ensure that firms gain competitive advantage in terms of its human resources, products and services. In this regard, enterprise development involves the enhancement of the firms' strategic approaches to enhance its efficiency and effectiveness within its scope of operations.

### **2.2.6 Enterprise growth**

Enterprise growth involves the firms' expansion in terms of size, net income, market share and other measurable performance indicators.

## **2.3 The Importance of Entrepreneurship to the Youth in Africa**

There are a number of benefits from the promotion of youth entrepreneurship or self-employment in Africa that are commonly discussed by commentators (Blanchflower & Oswald, 1998; Fowler & Collins, 1991; White & Kenyon, 2000; OECD, 2001; Grierson & Schnurr 200; Kapitsa, 2002). While caution should be exercised so that entrepreneurship is not seen as a mass or wide-ranging solution which can cure all society's social ills, it is argued that entrepreneurship has a number of potential benefits.

An obvious and perhaps significant benefit of entrepreneurship is that it creates employment for the young person who owns the business. This is especially the case in an economy subject to rationalization, change and restructuring.

Many experts believe that this could bring back the alienated and marginalised youth into the economic mainstream (Curtain, 2000; White and Kenyon, 2000). There may also be a direct effect on employment if new young entrepreneurs hire fellow youth from the 'dole' queues (Curtain, 2000). In this way, entrepreneurship could help address some of the socio psychological problems and delinquency that arise from joblessness.

Youth-Run Enterprises (YREs) also provide valuable goods and services to society, especially the local community (OECD, 2001). This results in the revitalization of the local community. It has also been observed that new small firms tend to raise the degree of competition in the product-market, thereby bringing gains to consumers (Curtain, 2000). In addition, the enterprises may create linkages between youth entrepreneurs and other economic actors, such as through sub-contracting, franchising, and so on (White & Kenyon, 2000).

Youth entrepreneurship also promotes innovation and resilience as it encourages young people to find new solutions, ideas and ways of doing things through experience based learning (OECD, 2001; White & Kenyon, 2000). In certain circumstances, young entrepreneurs may be particularly responsive to new economic opportunities and trends.

This is especially important given the ongoing globalization process. It is increasingly accepted that youth entrepreneurs can present alternatives to the organization of work, the transfer of technology, and a new perspective to the market (White & Kenyon, 2000). White and Kenyon further note that social and cultural identity is promoted through youth enterprises, as there is a stronger sense of community where young women and men are valued and better connected to society. They argue that enterprises give young people, especially marginalised youth, a sense of 'meaning' and 'belonging'. This can shape the identity of youth and encourage others to treat them as equal members of society. A popularization

and democratization of entrepreneurship can allow the disadvantaged in society to succeed regardless of social or family background (OECD, 2001).

Moreover, the success of the 'new economy' however defined is dependent on the promotion of a culture of entrepreneurship. It has been observed that youth have the capacity to understand it and be its pioneers. This is reflected in high youth participation in Internet business start-ups (OECD, 2001; Curtain, 2000).

In a broader sense, 'entrepreneurship' helps young women and men develop new skills and experiences that can be applied to many other challenges in life. In that sense, youth have "the qualities of resourcefulness, initiative, drive, imagination, enthusiasm, zest, dash, ambition, energy, boldness, audacity, courage..." (Schnurr and Newing, 1997:2). Ghai (1988) also note that, youth are known to possess qualities of enthusiasm, motivation, enterprise, risk-taking, flexibility, energy, resourcefulness and willingness to try new approaches. Bennell (2000) in this regard argues that the challenge for governments, NGOs and international bodies seeking to improve youth livelihoods is to "tap into the dynamism of young people and build on their strong spirit of risk-taking".

The importance of promoting enterprise and entrepreneurship is also reflected in the increasing role that self-employment plays in job creation across the world. In most African countries, self-employment is emerging as an important source of

employment, livelihoods and economic dynamism. Most of the employment is created in the informal sector.

In spite of the apparent benefits of entrepreneurship, as discussed above, there is little empirical data on how far the perceived benefits of youth entrepreneurship are realised in reality in Africa and most especially Ghana.

### **2.3.1 Types of youth enterprise activities in Africa**

In spite of a significant growth of entrepreneurship research in Africa, especially from the 1990s, surprisingly little work has been done on the participation of young people in enterprise activities.

The available studies show that a majority of young entrepreneurs in Africa work in the informal sector (Okojie, 2003).

These studies can be divided into two broad categories: the marginalist literature and the more optimistic literature. The marginalist literature suggests that youth participation in the informal sector is characterized by low productivity, low returns and poor prospects. Ghai (1988) argues that in initiating business enterprises, young people are handicapped by lack of experience, skills, knowledge and a habit of disciplined work. As a result, youth mainly find themselves in the streettype activities such as hawking and shoe-shining.

Similarly, Kopoka (1999a; 1999b), in a study of youth in Dar-es- Salaam, Tanzania, argues that young people are more likely to be involved in ‘marginal activities’ in the informal sector than adults. Mulenga (1997), in a study of youth working in the informal sector in Zambia, also concluded that only a few of them demonstrated what he calls “the entrepreneurial attributes of vision, motivation and patience to nurture micro enterprises.”

Kanyenze, et al. (1999), in a review of the literature on youth unemployment in Anglophone Africa, also argue that young people working in the informal sector generally find themselves relegated to ‘ease of entry’ activities prone to lateral expansion, low returns and long hours of work. Consequently, youth are found in the vending, street type activities such as car washing and car watching, making and selling simple crafts, and so on. It may however be argued that self-employed African youth, especially those working in the informal sector, lack the necessary means to develop viable enterprises or to move into the more remunerative activities within the sector. Consequently, they are forced to go into ‘marginal’ activities within the informal sector, from which they derive low returns and marginal existences. But a major critique of the marginalist studies is that, by treating youth entrepreneurs as a homogeneous group, they mainly provide a speculative rather than empirically tested explanation of the experiences of youth working in the informal sector in Africa.

In contrast, the more optimistic studies appear to suggest that youth working in the informal sector in Africa have the potential to develop viable enterprises over time. They indicate that the apparent predominance of young people in un-remunerative jobs in the informal sector does not necessarily mean that these young people cannot move, or are not moving, into more remunerative activities.

Hoppers (1994) argue that there is need to take cognizance of the different types of work situations associated with self-employment, particularly those involving youth. He notes that many young people display a good variety of entrepreneurial skills in exploiting opportunities and developing viable enterprises. As soon as their basic needs are met, young people tend to move from 'subsistence', through 'security', to 'commercial' livelihood activities. According to Hoppers, the short-term income from casual activities often functions as stepping-stones for young people to a more substantive business effort.

King (1996), in a longitudinal study of informal sector operators in Kenya covering a twenty-year period, warns against too ready an adoption of the ILO's 1995 World Employment Report's distinction between what it calls 'dead-end survival activities' and 'small-scale activities with the potential for growth and technical upgrading'. He observes that there is a co-

existence of ‘survival/subsistence’ and ‘entrepreneurial’ activities at different stages. The life histories of King’s sample revealed that many of those who had now established themselves as entrepreneurs would have looked very much more like subsistence self-employed in the 1970s when they often engaged in casual work. This has led King to conclude that subsistence activities should be seen as a stage towards a more enterprise-oriented modality.

It is also worth mentioning that information and communication technology (ICT) has become an important enterprise activity and source of employment for African youth in recent years (Okojie, 2003). The number of computer shops, Internet service providers and trainers and phone shops is on the increase in urban centres in Africa, especially in the capital cities such as Nairobi, Kampala, Kigali and Lusaka. Most of these enterprises are manned by youth. However, they are inaccessible to the unskilled or poorest youth.

A review of literature shows that the availability of financial capital in the informal sector is very low (Abumere, et al., 1998). The majority of young people rely on their own personal savings, and to varying degrees, parents, relatives and friends, as their major source of start-up capital. In terms of

space, male youth mostly operate from streets, while young women tend to operate from municipal markets.

### **2.3.2 Categories of youth entrepreneurs in Africa**

The analysis of youth entrepreneurship suggests that the different youth sub-groups attain different levels of participation in entrepreneurship (Hoppers, 1994; King, 1996; Chigunta, 2003). Recent work by Chigunta (2003) suggests that age mainly determines the kind of work positions accessible to youth in different periods of time. In particular, it is older youth that find their way into these positions than younger youth. A variety of reasons accounts for the disparity in levels of participation according to age.

Recent findings by Chigunta (2003) led to the categorization of youth entrepreneurs into three phases: ‘pre-entrepreneurs’ in the age group 15-19 years; ‘budding entrepreneurs’ in the age group 20-24 years; and ‘emergent entrepreneurs’ in the age group 25-29 years. Each of these categories has its respective key features and characteristics.

#### **Pre-entrepreneurs**

Chigunta (2003) characterizes this as the ‘formative’ stage in youth enterprise development. It comprises young people mainly in the age group 15-19 years. Not only are the pre-entrepreneurs still young, but they also lack the maturity, knowledge of the urban economic situation and the social networks and contacts

which, as we have seen, are needed in achieving success in self-employment. It is suggested that younger youth tend to be more restless, mobile, try out different jobs to see what suits them and are generally unsettled (Hoppers, 1994; Chigunta, 2002). They may take up a job for some time with the intention of making some money that allows them to move around and try something better thereafter.

Occasionally, they drift in and out of casual work. Chigunta (2003) suggests that only at a later stage, depending on resources, family circumstances, kinship networks, social relations, contacts, opportunities, may they become interested in settling down into some more permanent economic activity.

**Budding entrepreneurs**

This is the second or ‘blossoming’ stage in youth enterprise development, mainly comprising young people who are 20-24 years old (Chigunta, 2001; Chigunta, 2000a; Chigunta, 2003). These older youth are likely to have gained some experience, skills, contacts, and capital to enable them to run their own enterprises. These youth often face three enterprise pathways: remaining stuck in marginal activities; going out of business; and running successful enterprises. The majority of these young people are likely to be engaged in marginal enterprise activities.

**Emergent entrepreneurs**

Chigunta (2003) notes that this is the prime stage in youth enterprise development. It comprises young adults in the age group 26-29 years who are in the prime of their youth. The emergent entrepreneurs have a higher level of maturity than youth in the lower age groups. They are likely to have accumulated vital experience and contacts in business or in other areas of life.

This age categorization of youth entrepreneurs shows the importance of the life-cycle approach in understanding youth entrepreneurship. The categorization, while not necessarily mutually exclusive, offers some pertinent insights into the role of ‘age’ in youth enterprise development.

First, it suggests that ‘age’ is an important factor determining the extent of youth participation in entrepreneurship. As Hoppers (194) observes, ‘age’ has implications for professional maturity, outlook on life and general experience of young women and men in the urban informal sector.

Secondly, the age categorization suggests that the assumption of homogeneity of experience and interests among youth entrepreneurs is false. This is contrary to much of the literature which treats youth entrepreneurs as a homogeneous group.

Thirdly, and related to the above, the categorization demonstrates that it is older youth (those in their 20s) that are more likely to have success with entrepreneurship than younger youth (those in their teens).

These findings imply that the low level of self-employment among youth and their short-term income generation from casual activities should be seen as stepping-stones towards a more substantive business effort or a more enterprise-oriented modality in older life. This confirms the findings of a longitudinal study of informal artisans in Kenya by King (1996) which revealed a co-existence of ‘survival/subsistence’ and ‘entrepreneurial’ activities at different stages in the lives of informal artisans. The implication is that youth acquire experience, skills, contacts, and so on, as they grow older.

## **2.4 An Overview of Strategic Management**

Strategic management is a plan of action designed to reach and achieve a specific objective. The strategic plan seeks to always win the position of competitive advantage over its competitors in terms of better exploitation of the existing potential and employment optimization. Hunger and Wheelen (2002) say that strategic management is a set of managerial decisions and actions that determines the long-run performance of an organization. It includes environmental scanning (both external and internal) strategy formulation (strategic or long-range planning), strategy implementation and evaluation and control. The study of strategic management emphasizes the monitoring and evaluation of external opportunities and threats in light of an organization's strengths and weaknesses.

There is always an element of uncertainty about the future, more strategy on a range of options from a fixed plan (Chandler, 1962). Strategic management is the process of analyzing the major initiatives taken by general managers on behalf of their owners, which focuses on resources and performance in outdoor environments. Bill Richardson, (2008), defined strategic management as a proactive attempt by management and its subordinates, to totally manage "strategic configuration".

According to Mintzberg (2003), strategy is difficult to be determined within the period of one year, goals and objectives should be included. Strategic often refers to the purpose and development as formulated by some scientists and they refer to

it as Advanced Strategy. Michael Porter is the most famous writer on the strategic concept; Porter said that strategy is a very meaningful thing, with the main purpose being to create a competitive benefit of the organization.

Management strategy is not always the success of the project; it can also fail, as there are many factors that affect the outcome of the strategic process. (Mintzberg, 2003), stated that for management strategy to be effective, it must meet specific factors to reduce the negative consequences. Quinn (2003) concluded that the strategy must have clear objectives and also be flexible and coordinated the need for management strategy and committed leadership. (Quinn, 2003), stated that strategy in business is need for security (and logistics resources) and also to keep the initiatives during the performance of the tasks of responding to the challenges.

Lerato-Mosiah, (2008), mentioned that strategic management is an ongoing process involving sequential functions and implementation of strategies aimed at achieving the company's mission and long-term objectives in the near term many different ways are used by strategic planners to achieve this process. Abu Hassan Abu Bakr and Pak (2011), defined strategic management as the management process that has been used specifically to increase the performance of the organization and management processes that can apply strategic management in practice help organizations to improve their performance by improving efficiency, effectiveness and flexibility

### **2.4.1 Strategic management process**

Strategy, separated from strategy-making, is academic at paramount. It is impossible to understand the difficulties related with the formulation and application of strategy if one ignores the inseparability that exists between the concept of strategy and the process of making it a reality in a particular organizational setting. In fact, the process school of research, as defined by Bower and Boz (1979), views strategy as the outcome of three different processes contributing to strategy formation:

1. The cognitive processes of individuals on which understandings of the environment of strategy are based;
2. The social and organizational processes by which perceptions are channelled and commitments developed; and
3. The political processes by which the power to influence purpose and resources is shifted."

They go even further when asserting that "the task of the chief executive is viewed as the administration of these processes," which require the development of a broad vision of what to achieve and the management of a network of organizational forces that lead to the discovery, evolution and enrichment of that vision.

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Stoney (2001) stated that management strategy has become more sophisticated and has been considered as a strong potential for organizations in recent decades. Meanwhile Hunger and Wheelen, (2003), showed that the organization has to be more effective and people at every level within the organization should follow the strategic way of doing daily jobs and duties, and the process should not be limited

to senior management. They also showed that the process of strategic management include environment assessments for critical information, recommend changes to enhance strategic programs and to work with others as a team.

#### **2.4.2 Strategy formulation**

According to the learning school of thought, strategy formulation is regarded as an emergent process where everyone in the organization goes through a process of learning. The lessons learnt are incorporated into the overall plan of action. It is the belief of this school of thought that strategies must emerge in small gradual steps as the organization adapts and learns what works and what doesn't. Its contribution to theory is based on the fact that more people learn not just the leader of the firm, hence reducing the complexity and unpredictability in strategy formation. Strategy formulation and implementation are intertwined as they emerge (Quinn, 1980).

#### **2.4.3 Strategy implementation**

Strategy implementation is the process by which strategies and policies are put into action through the development of programs, budgets and procedures. This involves the design or adjustment of the organization through which the administration of the enterprise occurs. This includes changes to existing roles of people, their reporting relationships, their evaluation and control mechanisms and the actual flow of data and information through the communication channels

which support the enterprise (Chandler 1962; Hrebiniak & Joyce, 2005). Strategy implementation is the process by which strategies and policies are put in to action through the development of programs. This might involve changes within the overall culture, structure and/or management system of the entire organization. Strategies are implemented through a set of programs, budgets and procedures.

#### **2.4.4 Management Strategic Evaluation**

The final stage in strategic management is strategy evaluation and control. All strategies are subject to future modification because internal and external factors are constantly changing. In the strategy evaluation and control process managers determine whether the chosen strategy is achieving the organization's objectives. The fundamental strategy evaluation and control activities are: reviewing internal and external factors that are the bases for current strategies, measuring performance, and taking corrective actions.

#### **2.4.5 Thebasis of strategicmanagement**

The birth of strategic management as an academic field can be traced to the 1960s (Furrer,Thomas & Goussevskaia, 2007). Chandler’s Strategy and Structure (1962) and Ansoff’s “Corporate Strategy” (1965) are among the first seminal publications in this field. In its first decades of existence, strategic management almost solely investigated strategic issues in large, established enterprises (Analoui & Karami, 2003).

The basis of strategic management is the notion that strategy creates an alignment between the enterprise's internal strengths and weaknesses on the one hand and its opportunities and threats (SWOT) in its external environment on the other (Andrews, 1987). Schendel and Hofer (1979) identified the following six "major tasks" of strategic management: 1) goal formulation, 2) environmental analysis, as well as the 3) formulation, 4) evaluation, 5) implementation and 6) control of strategies. Sandberg (1992) lists an enterprise's resources, processes, strategy and field of industry as the primary variables of strategic management.

Strategic management deals with how enterprises develop sustainable competitive advantages resulting in the creation of value (Ramachandran, Mukherji & Sud, 2006). An underlying basis of the Austrian school in strategic management (Schumpeter, 1993 [1934]) is the temporary nature of such competitive advantages. Accordingly, strategic management can be regarded as setting the context for entrepreneurial behaviour, i.e. the exploitation of opportunities (Ireland, Hitt, Camp & Sexton, 2001).

Strategic management research is for a large part concerned with identifying differences among enterprises' performance by examining their efforts to develop sustainable competitive advantages as determinants of their ability to create value (Ireland, Hitt & Simon, 2003).

A competitive advantage results from a long-lasting value difference in the product or service compared to those of its competitors as perceived by the customers (Duncan, Ginter & Swayne, 1998). The possessions of valuables like the non-imitable and non-substitutable resources (Prahalad & Hamel, 1990) as well as a favourable market position (Porter, 1985) are regarded as major sources for sustainable competitive advantages. This builds the basis for the resource-based view (RBV) of strategic management, which regards an enterprise as a bundle of resources that needs to be deployed strategically in order to add value (Barney, 1991). SMEs and start-ups (which typically are small in the beginning, and therefore a subset of the former), have almost by definition fewer resources than larger enterprises, and the types of resources of these two groups of enterprises are different (Mosakowski, 2002). SMEs possess such capabilities as niche filling, speed and flexibility that allow them to exploit certain opportunities faster and more effectively than established enterprises (Li, 2001). Nevertheless, so far the RBV lacks the insights provided by creativity and entrepreneurial behaviour (Barney, 2001).

Therefore, the role of entrepreneurial behaviour in corporate strategy is increasingly emphasized (Mosakowski, 1998; Alvarez & Barney, 2000; McCarthy, 2003). Major differentiation in strategic management is between content and process, i.e. the strategy itself (content) and its implementation (process) (Stacey, 1993). On the content side, there are three “levels” of strategy within enterprises: 1) the corporate strategy which defines what businesses the

enterprise is in and how all of its activities are structured and managed, 2) the business level strategy which is concerned with creating a competitive advantage in each of the enterprise's product levels or strategic business units, and 3) the functional level strategy examples of which are marketing strategy, human resources strategy and research and development strategy (Thompson, 1995; Analoui & Karami, 2003).

### **2.5 Modes of Strategic Management**

The concept of strategic management is viewed differently by scholars of small enterprises. Indeed, an increasing amount has been written on strategic management for small enterprises (SEs), and a number of modes of strategic management have been proposed. Each of these modes, however, is unique in terms of its composition, logic, and emphasis, and there seems to be no consensus on how strategic management should be conducted or on whether a given plan is suitable for every small business (Hill & Gareth 2012a). Two contentious modes prevail: the formal strategic management modes and the informal strategic management modes.

Formal strategic management modes conform to the conventional wisdom that the strategic management modes that managers use, the patterns in actions they develop, the positions and postures they establish, and therefore the performance levels they achieve must all flow from prescribed models (Menzel & Günther 2012; Ansoff 1965; Hofer & Schendel 1978; Porter 1985, Pearce & Robinson

2011). Some schools of thought, however, have viewed strategic management as an informal, unstructured, and instinctive decision-making course that does not bear the rational analytical systems of the classical approaches espoused to the SEs by classical theorists (Carson 1990; Minzberg 1978; Verreynne 2006).

The informality in the management of small enterprises has been the main contention floated by classical strategic management proponents for their underperformance, but as Gibbons and O'Connor (2005) observe, strategies form very differently from those assumed by prescriptive models espoused by classical theorists and that strategies can be emergent. Hill and Gareth (2012b) have called for a new paradigm that recognizes the non-equilibrium nature of small-scale enterprises. According to Hill and Gareth (2008), small firms seldom have the economic or political power to control their environment. They have to be flexible and adjust to changes in the resource situation of their environment.

## **2.6 Schools of thought in Strategic Management**

According to Minstzberg, Ahlstrand and Lampel (1998) there are six different schools of thought on strategic management. These schools of thought are discussed in this section of the literature review.

### **2.6.1: The Design School of Thought**

The design school of thought in strategic management is among the earliest perspectives of strategic management. According to this school of thought,

strategic management is a function of the processes used in determining the firm's long-term objectives and goals while deciding how to allocate resources and take actions to achieve these goals (Selznick 1957). This design school (Mintzberg, Ahlstrand and Lampel 1998) suggests that organizational structure should be aligned with strategy leading to the equation: 'strategy = structure' (Chandler 1962). In this view the CEO of the firm plays the role of the 'architect of organizational purpose' who must become sufficiently detached from daily work roles to develop long-term aims and ensure that the firm remained on track and not subject to 'strategic drift' (Andrews 1999).

### **2.6.2: The Planning School of Thought**

The ability of firms to plan strategic growth options has been addressed by a 'planning school' of strategic management (Mintzberg & Lampel 1999). An important theoretical framework is the idea that growth is a process of product or market expansion (Ansoff 1965). Firms can launch into new markets with existing products or grow established markets by offering new products or services. Where a firm launches a new product into a new market – diversification strategy – a higher level of potential risk is created because the firm is operating outside its known boundaries. According to Ansoff (1965), firms seeking such growth should understand what assets provide them with competitive advantage, and how best to fit new and existing product-market activities together to achieve 'synergy'. Such firms need a good understanding of the needs of the market,

product or service technology and market geography in order to gain competitive advantage (Ansoff 1987).

### **2.6.3: The Positioning School of Thought**

The ‘positioning school’ of strategic management seeks to find the most appropriate placement for the firm’s products or services into targeted markets (Mintzberg, 1998). Achieving competitive advantage is a process of knowing which products should be retained as cash cows, which should be supported for future growth and which should be withdrawn so as to allocate scarce resources to the rest. Firms seeking to achieve a competitive position in a market must find either a way to reduce operating costs and become the lowest cost producer, or add value to product or service offerings so as to differentiate against the competition (Porter 1980). Environmental scanning and adaptation to the needs of the market are therefore important aspects of the successful position of firms for competitive advantage (Porter 1991).

### **2.6.4: The Competing Resources School of Thought**

This school of thought has its foundation from the resource-based theories. The resource-based theories of strategic management suggest that firms should look inward at their resources and ensure that they match their strategies against their skills, resources and abilities (Grant 1991). Of particular importance is the ability of the firm to identify its ‘core competencies’ (Prahalad & Hamel, 1990), which can be both tangible and intangible but offer superior outcomes over what might

be available to competitors (Reed & DeFillippi, 1990). For resources to be a source of competitive advantage they should be of commercial value, not available to competitors, not easily substituted by customers and difficult for competitors to easily copy. A core competence should enable the firm to enter new markets or add significant value to the attractiveness of the firm's products (Prahalad & Hamel, 1990). Value is generally created where the scarcity of the resource matches the demand for it and the firm's ability to acquire or possess it (Collis & Montgomery, 1995).

#### **2.6.5: The Strategic Intent School of Thought**

According to this school of thought, effective strategic management is described as a process of developing clear, decisive objectives, maintaining the initiative, concentrating resources for best effect, remaining flexible in the face of change, and applying coordinated and committed leadership (Quinn, 1999). Most strategic planning processes involve defining a clear vision and mission to assist in guiding the firm towards its final goals (Proctor, 1997). This process of setting a clear sense of focus and direction has been described as determining the 'strategic intent' of the firm (Hamel & Prahalad, 1990). This process provides a durable framework to guide strategic action and assist in leading change. Determining the corporate mission usually involves consideration of the strategic direction being taken by the firm's management, the concerns of stakeholders and the critical success factors required fulfilling the goals (Strong, 1997). The possession of a formal mission or vision statement has not been found to directly impact on the performance of youth-owned enterprises (O'Gorman & Doran 1999).

### **2.6.6: The Learning School of Thought**

The 'learning school' of strategic management (Mintzberg, 1998) sees strategic management as a process in which the firm's management engages in an incremental learning by doing (Quinn, 1980). Flexibility is of significant importance in which the firm seeks to stretch and leverage its limited resources to achieve plans that may change in detail, even if the general strategy remains consistent (Hamel & Prahalad, 1993). The dynamic nature of contemporary markets makes it unlikely that firm's will be able to formulate detailed strategic plans and then implement them within modification (Mintzberg, 1987). The reality is frequently one in which the firm's management is engaged in 'controlled chaos' using judgment and intuition to craft strategy, frequently following emergent opportunities that had not been foreseen at the commencement of the process (Mintzberg, 1987). Frequently the success of small entrepreneurial firms is likely to be dependent on their ability to revolutionize their markets or industries (Hamel, 1996). Innovation and the ability to learn faster than the competition are viewed as the key to successful strategic competition (Hamel, 1998).

### **2.7 Strategic Management and Entrepreneurship**

In a new competitive landscape (1995), entrepreneurial strategies are becoming more and more important for both new as well as established enterprises. Due to e.g. increasing environmental dynamics and intensifying global competition,

enterprises, regardless of their age or size, are forced to build more entrepreneurial strategies in order to compete and survive (Hitt, Ireland & Hoskisson, 2001; Meyer, Neck & Meeks, 2002). These entrepreneurial strategies are said to be related to better company performance. They aim to build on the identification of opportunities and develop them towards competitive advantages (Hitt, Ireland, Camp & Sexton, 2002). This is where the fields of entrepreneurship and strategic management intersect.

Both academic fields are focused on the process of adapting to change and exploiting opportunities. Despite this shared focus, they have developed largely independently of each other (Hitt et al. 2001). Recently, scholars have called for the integration of these two fields (Meyer & Heppard, 2000; McGrath & MacMillan, 2000). The need for integration emerges as strategists, on the one hand, need to use resources in order to exploit opportunities (mostly under uncertain conditions) and entrepreneurs, on the other hand, need to include a strategic perspective in their planning and actions.

In times of growing uncertainty and increasing speed of change, both new threats and new opportunities emerge (Shane & Venkataraman, 2000). The identification and exploitation of these opportunities is the essence of entrepreneurship – whereas the essence of strategic management is in how these opportunities can be transformed into sustainable competitive advantages (Zahra & Dess, 2001; Venkataraman & Sarasvathy, 2001; Kuratko, Ireland, Covin, & Hornsby, 2005).

The call for the integration of these two fields is a surprisingly new phenomenon. Both disciplines are concerned with value creation, acknowledging it as a major organizational goal. Entrepreneurial actions and strategic actions can contribute to value creation independently, but they can contribute even more when they are integrated. Indeed, entrepreneurial opportunity-seeking is at the same time also strategic behaviour with the aim of value creation (Ireland, Hitt & Simon, 2003; Ramachandran, Mukherji & Sud, 2006). A central interest of researchers in strategic management is to explain differences of enterprises in their value creation – an interest which is increasingly shared by researchers in the field of entrepreneurship as well (Ireland, Hitt, Camp & Sexton, 2001).

In addition to “classical” variables that describe entrepreneurship, such as the characteristics and motivations of entrepreneurs, many authors favour a greater emphasis on organizational and strategic variables (Entrialgo, Fernández & Vázquez, 2000). Zahra and Dess (2001) argue that the integration of different views is a key to more fruitful research in entrepreneurship, and specifically name strategic management as a most promising area to be integrated into entrepreneurship research.

The positive outcomes of such an integration can be observed in real business life, where entrepreneurial enterprises are more inclined to engage in strategic management practices than more established enterprises which are by nature more

conservative. Entrepreneurship and strategic management both have made their unique and valuable contributions to management theory. Although their foci differ, both are inevitably interrelated, and are often complementarily supportive of each other (Ireland et al., 2003). Meyer and Heppard (2000) remark that the two fields are in fact even inseparable, forming two sides of the same coin, since the research results of the one cannot fully be understood without the other (Barney & Arikan, 2001).

## **2.8 Components of Strategy**

### **2.8.1 Strategy content**

The market entry of a start-up is of major importance because it determines the strategic basis from which the enterprise tries to achieve competitive advantages in the market place (Gruber, 2004). The enterprise's relative position within the market strongly influences its performance. Within the spectrum of the generic strategies by Porter (1985), there are (at least) three options: 1) cost leadership, 2) differentiation, and 3) focus on a market niche. Whether there is a cost advantage or a differentiation potential for the enterprise is the result of the enterprise's ability to cope with the five competitive forces (industry competitors, potential entrants, buyers, substitutes, and suppliers) better than its competitors. Young SMEs can seldom develop cost advantages, as these are often based on economies of scale. For these enterprises, most researchers recommend the niche strategy.

Besides, young SMEs can hardly target a market as a whole, but more likely have to target certain narrow market segments which larger competitors ignore (Lee, Lim, Tan & Wee, 2001). A niche strategy allows an enterprise to target customer needs by focusing the enterprise's limited resources on a narrow segment of the market. This gives time for establishing a market position and developing both the necessary resources to survive (Bamford, Dean & McDougall, 1997). Numerous empirical studies confirm that the niche strategy is often the most successful initial entry strategy. Ibrahim (1993) made this observation with small enterprises and Bantel (1996) with 166 small technology-based enterprises. Still, the niche strategy leaves several risks for SMEs, since larger enterprises can easily launch an attack on the market niche simply by making the choice to do so.

The differentiation strategy is also possible for SMEs. The core of this strategy is to offer the customer a special advantage along dimensions that are highly valued by the customers (Porter, 1985). This could be e.g. quality leadership where the enterprise aims to offer the market the best quality compared to its competitors. The differentiation potential of SMEs is mostly imbedded in the business idea of the enterprise or in a technical innovation. A common mistake of entrepreneurs is being enthusiastic about their new ideas, neglecting the market, and failing to assess if there is a target group for the new products or services.

Another dimension of assessing an enterprise's market entry is the product/market strategy. The decision within this strategy is whether to implement existing or

new products in present or new markets. The original matrix concept of the product/market strategy by Ansoff (1965) consists of four different strategies: 1) present product in present market, representing status quo, 2) present product in new market, e.g. through internationalization, 3) new product in old market, usually based on some innovation, and 4) new product in new market, which is the most risky and most expensive strategy option. These strategies can be useful for young SMEs as well, despite the fact that these enterprises are usually restricted in their actions because of their limited resources. The product/market matrix can be an efficient management instrument for identifying new strategies and for planning resources accordingly. For achieving the highest performance, each strategy option needs to be linked with appropriate resources (Borch, Huse & Senneseth, 1999).

### **2.8.2 Strategy Process**

With regard to the strategy process, several different strategic management instruments can be applied in SMEs, depending on the respective situation the enterprises are in. For instance, any enterprise needs to assess its position within its environment and within the market (Zahra & Dess, 2001). A common instrument for this is the SWOT analysis, which aims at studying internal strengths and weaknesses and matching them with the enterprise's external opportunities and threats (Andrews, 1987). A SWOT analysis can be used as a basis for developing future strategies as well as for developing the business plan. Another part of the environmental analysis is the PEST analysis, which tries to

identify political and legal (P), economical (E), socio-cultural (S), and technological (T) factors influencing the enterprise. Finally, the industry analysis tries to assess the attractiveness of a specific industry for the enterprise (Analoui & Karami, 2003). The industry analysis again can use sub-instruments, such as market analyses (Wickham, 2001) and Porter's (1985) five forces analysis.

The product life-cycle (PLC) concept can be utilized in enhancing the effectiveness of operative instruments and in changing the strategies, especially in young SMEs. The basic idea of the PLC concept corresponds to the law of birth and death of all biological existence. This idea can be transferred to man-made systems, such as products or markets. Even if the forecasting ability of the PLC concept has been deemed rather limited, it provides a good overview of marketing decision options, especially in the implementation phase and growth phase of an enterprise (Kraus et al., 2007).

Business portfolio models, such as the Boston Consulting Group (BCG) matrix or the McKinsey matrix rely, on the one hand, on the PLC concept as a predictor for the axis of market attractiveness and, on the other hand, on the concept of the learning curve as an indicator for the relative market share (Hedley, 1977). Originally, these matrixes were designed to facilitate resource allocation between different strategic business units (SBUs) of an enterprise. In this sense, portfolios are not applicable for young SMEs which, due to their small-scaled structure and age, typically do not consist of SBUs.

However, transferring the concept to the range of different products, these matrixes can be useful strategic management instruments for young SMEs as well. The ideal distribution of products within the portfolio can especially be interpreted as the optimal structure of the product line, as it shows opportunities and threats of each single product in relation to both the market share and the maturity of the market. Such analyses can reveal when a new product should be introduced into the market in order to rejuvenate the product line, and furthermore when measures need to be taken to boost a product into a market dominating position (to make a cash cow out of a star).

Other well-known strategic management instruments, such as e.g. benchmarking, GAP analysis or Balanced Scorecard, which can also be used in SMEs, are often unfamiliar to entrepreneurs, especially if the entrepreneurs do not have an educational background in management (Kraus, 2007).

## **2.9 Strategic management practices**

According to Anderson (2004), strategic management practices are organizational level activities that dictate the business's mission and goals, explore the competitive environment, analyze strategic alternatives and coordinates implementation activities through the organization's entire value chain. Strategic management practices are therefore the actions taken by firms to gain competitive advantage over their counterparts. Mission and vision statements; external and

internal analysis, strategic control and evaluation, long-term objectives among others, are examples of strategic management practices. With reference to the practices outlined, it is reasonable to regard strategic management practices as the formal procedures that a firm follows in its quest to gain competitive advantage.

### **2.9.1 Mission statements**

Mission statements are very important to organizations because they give a good indication as to why organizations exist. According to Hill (2008), the mission statement of a firm gives the purpose and reason for its existence and that successful mission statement start by expression the purpose of the organization in a more convincing manner. Although an organization's mission statement is characterized by directing the operations of the organization by highlighting on its general goal and also facilitate effective decision-making, mission statements also provide a framework within which the organization's strategies are formulated. In this regard, Hill (2008) opines that, a good mission statement must be composed of the goals of the firm as well as how the firm offers value to stakeholders. Other researchers define mission statement in the context of indicators that distinguish one organization from the other. For instance Amin and Majid, (2011) define mission statement as a unique fundamental purpose which makes organizations distinct from others and determines its operation range in terms of product, technology and market. In this vein, mission statements must be formulated in a way that reflects the values of the organization. According to Forbes and Seena (2006), a mission statement is fundamental because it motivates staff and helps

them to make informed decisions. Ungerer, Pretorius, and Herholdt(2007), stated that the firm's mission ensures employee commitment, and develops insight into domain in which the firm would be operating.

### **2.9.2 Vision statements**

In as much as mission statements are essential to organizational existence and development, the importance of vision statements cannot be overlooked. David (2011) regards vision statements as a strategic practice utilized by organizations. This is because, vision statements explains what the organizations seeks to become. Rossouw LeRoux, and Groenewald(2003) adds that, vision statements outlines where the business intends to go and what need to be done to get there. This gives the indication that, vision statements gives the future direction of the business. According to Ungerer, Pretorius and Herholdt(2007), a firm's vision must be mutual and ensure everyone's loyalty, and also clarify the firm's preferred future, be sustainable, and nurtured in a continuous practice.

### **2.9.3 External and internal analysis**

The dynamism of the business environment requires organizations to carefully analyze their internal and external environment which gives them a better roadmap to develop the goals, structures and systems in order to enhance their competitive advantage. According to Hunger and Wheelen (2007), it is important for organizations to gather all the required information about factors that affect

the organization, in order to analyze its internal and external environment appropriately.

The internal analysis of an organization involves an extensive evaluation of the firm's prospective strengths and weaknesses. According to Abdalkrim (2013), in evaluating the internal strengths and weaknesses, certain organizational indicators must be a priority which include areas such as; organizational culture, organizational image, key staff access to resources, and employee performance and rewards. From the perspective of Dess and Lumpkin (2003), internal analysis is a way of evaluating the strengths and weaknesses that facilitate or obstruct the fulfilment of a firm's mission and its mandate with respect to people, properties, processes and products.

With regards to external analysis, Dess and Lumpkin (2003), opine that, external analysis involves examination of the firm's external environment to foresee changes and also discover changes that are already under way. Abdalkrim (2013), argues that external analysis involves an evaluation of the organization's opportunities and threats from their competitors. An opportunity gives the organization the possibility to launch a new product or service that can produce higher proceeds to enhance organizational profitability. Whiles opportunities emanate from changes in the external environment, such changes are perceived as threats for competitors. A threat therefore is a foremost unwanted circumstance in a firm's environment. This may occur to the firm with regards to the existing products and may call for a change in product terms or the development of new

products in order for the firm to remain competitive. Changes in the external environment may however be related to Customers, Competitors, Market trends, Suppliers, Partners, Social changes and new technology.

#### **2.9.4 Strategy evaluation and control**

Strategy evaluation and control are very essential for organizations because it provides a benchmark for assessing their performance over time. According to Forouzandeh (2005), evaluation and control involves processes and procedures which ensures that the results of a given strategy are duly monitored and determined to ascertain the extent to which organizational goals have been achieved. Strategy evaluation therefore includes three main activities which are: the review of the main principle of an organization's strategy; comparing the expected results with the actual results and taking curative action to ensure performance accuracy and operations based on organizational plans.

From the dispensation of other researchers, strategy evaluation and control activities involves the policies, procedures and practices that give management the assurance that organizational objectives are achieved through effective risk management. Arens, Elder and Beasley (2006), also argue that, control activities are related to the policies and procedures pertaining to the segregation of duties, information processing, physical control and performance reviews.

### **2.9.5 Long-Term objectives**

According to David (2011), long-term objectives are defined as specific results that an organization seeks to achieve in pursuing its basic mission for more than a year. Long-term objectives are essential for organizational success because they state direction; aid in evaluation; create synergy; reveal priorities; focus coordination; and provide a basis for effective planning, organizing, motivating, and controlling activities to enhance organizational performance. Long-term objectives should be challenging, measurable, consistent, reasonable, and clear. Hitt, Ireland, and Hoskisson (2004) also referred to long-term objectives as wide, high-level preferred outcome and specific, considerable outcomes needed to make a firm's vision a reality.

### **2.9.6 Action plans**

According to Pearce and Robinson (2013) an action plan serves as a means of converting the generic and grand strategies into action elements. Identifying the specific action needed to be undertaken to ensure competitive advantage is the first element that needs to be tackled. Consequently, action plans must also have a specific time frame within which business strategies are implemented. Further, the action plans must be able to ensure accountability in the sense that, it must have realistic and measurable objectives which can be evaluated after being implemented.

### **2.9.7 Corporate goals/annual goals**

Corporate goals are specific, quantifiable targets set by firms that it commits to attain in order to achieve its corporate mission and objectives. They are the translation of the mission and objectives of the organization into specific quantifiable terms against which results can be measured. According to Peace II and Robinson (2011), although gives the directions of the firm, corporate goals represents the firms' intention to ensure its continuity through growth and development.

## **2.10 Models on Strategic Management**

### **2.10.1. Resource-Basedview (RBV) model**

The resource-based view of the firm (RBV) has emerged in recent years as a popular theory of competitive advantage. The term was originally coined by Wernerfelt in 1984 (Fahy, 2000) and the significance of this contribution is evident in its being awarded the Strategic Management Journal best paper prize in 1994 for reasons such as being “truly seminal” and an “early statement of an important trend in the field” (Zajac, 1995; cited in Fahy, 2000). Fahy (2000) has reasoned that the principal contribution of the RBV of the firm has been as a theory of competitive advantage. Its basic logic is a relatively simple one. It starts with the assumption that the desired outcome of managerial effort within the firm is a sustainable competitive advantage (SCA). Achieving an SCA allows the firm to earn economic rents or above-average returns. In turn, this focuses attention on how firms achieved and sustain advantages. The RBV contends that the answer to

this question lies in the possession of certain key resources, that is, resources having the characteristics of value, barriers to duplication and competitive edge (Fahy, 2000). This view is not dissimilar to that proposed by Barney (1991). An SCA can be obtained if the firm effectively deploys these resources in its product-markets. Therefore, the RBV emphasizes strategic choice, charging the firm's management with the important tasks of identifying, developing and deploying key resources to maximize returns (Fahy, 2000). In summary, following Fahy (2000), the essential elements of the RBV are as follows: (i) SCA and superior performance; (ii) the characteristics and types of advantage generating resources; and (iii) strategic choices by management.

Strategic management and entrepreneurship are viewed from a RBV model by researchers (Barney & Arian, 2001; Barney & Clark, 2007; Priem & Butler, 2001). This model assumes that each organization is a collection of unique resources and capabilities convertible to competitive advantage, performance and wealth creation (Acedo, Barasso & Gallan, 2006).

The RBV stresses that valuable, rare, inimitable, or non-substitutable firm-specific capabilities, such as tangible and intangible assets, skills, routines, competencies and learning mechanisms, are the fundamental contributing factors of performance (Barney, 1991; Teece et al., 1992) and SCA (Lado, Boyd & Wright, 1992). In this regard, the constructs of corporate strategy and entrepreneurship are treated as resources from which, an organization builds and

leverages sustainable competitive advantage and performance (Bowman & Helfat, 2001; Day 1994; Dess, et. al 2003; Ekeledo & Sivakuma, 2004). In the RBV model, the business itself is a collection of rare resources and relationships (Barney & Mackey, 2005; Barney & Clark, 2007; Bowman & Ambrosini, 2003) and that firm growth is the use of resources to exploit the firm's productive opportunity and increase its resource base. From this perspective, an organizations operating in a turbulent environment, succeeds by adopting strategic management practices that treat their organization as a resource that gives competitive advantage (Capron & Hulland, 1999).

### **2.10.2 Competitive advantage and the resource-based view**

The pursuit of competitive advantage is indeed an idea that is at the heart of much of the strategic management literature (Burden & Proctor, 2000; Fahy, 2000; Ma, 2000, 2004; Barney, 2001a, 2001b, 2007; Lin, 2003; Fahy, Farrelly & Quester, 2004; Cousins, 2005; Porter & Kramer, 2006; Liao & Hu, 2007). Understanding sources of sustained competitive advantage has become a major area of study in strategic management (Porter, 1985, 1991; Barney, 1991; Peteraf, 1993; Ma, 1999a, 1999b, 2004; Flint & Van Fleet, 2005; King, 2007b). The RBV stipulates that in strategic management the fundamental sources and drivers to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Barney, 1991, 2001a; Conner, 1991; Mills, Platts & Bourne, 2003; Peteraf & Bergen, 2003).

Building on the assumptions that strategic resources are heterogeneously distributed across firms and that these differences are stable overtime, Barney (1991) examines the link between firm resources and sustained competitive advantage. Four empirical indicators of the potential of firm resources to generate sustained competitive advantage can be value, rareness, inimitability, and non-substitutability. In Barney (1991), firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive and implement strategies that improve its efficiency and effectiveness.

Barney (1991) further argued that to have the potential to generate competitive advantage, a firm resource must have four attributes: (a) it must be valuable, in the sense that it exploits opportunities and/or neutralizes threats in a firm's environment; (b) it must be rare among a firm's current and potential competition; (c) it must be imperfectly imitable; and (d) there cannot be strategically equivalent substitutes for this resource competitive advantage is perhaps the most widely used term in strategic management, yet it remains poorly defined and operationalized (Ma, 2000).

Ma (2000) makes three observations regarding competitive advantage and conceptually explores the various patterns of relationship between competitive advantage and firm performance, namely: (i) competitive advantage does not

equate to superior performance; (ii) competitive advantage is a relational term; and (iii) competitive advantage is context-specific. In addition, Ma (2000) further examines three patterns of relationship between competitive advantage and firm performance, namely: (i) competitive advantage leading to superior performance; (ii) competitive advantage without superior performance; and (iii) superior performance without competitive advantage. The ultimate purpose of Ma's (2000) article is to help generate a healthy debate among strategy scholars on the usefulness of the competitive advantage construct for our theory building and testing. Ma (1999b) has also argued that competitive advantage arises from the differential among firms along any dimension of firm attributes and characteristics that allows one firm to better create customer value than do others.

Generic sources of competitive advantage include ownership of assets or position; access to distribution and supply; as well as proficiency – knowledge, competence, and capability – in business operation. It has also been further argued that in order to achieve and sustain competitive advantage, a firm needs to creatively and proactively exploit the three generic sources, preempt rivals attempt at these sources, and/or pursue any combination of proactive and preemptive effort. Competitive advantage is the basis for superior performance (Ma, 1999a).

Understanding the anatomy of competitive advantage is of paramount importance to general managers who bear the ultimate responsibility for a firm's long-term

survival and success. Ma (1999a) advances an integrative framework called SELECT to help general managers systematically examine the various facets of the anatomy of competitive advantage: its substance, expression, locale, effect, cause, and timespan. It has been reasoned that by analyzing the causes of competitive advantage helps a firm create and gain advantage. Studying the substance, expression, locale, and effect of competitive advantage allows the firm to better utilize the advantage. Examining the timespan of competitive advantage enables the firm to fully exploit the advantage according to its potential and sustainability (Ma, 1999a)

### **2.10.3. Knowledge-Based View (KBV)**

Closely related to the RBV is the KBV (DeNisi, Hitt & Jackson, 2003). In this approach, knowledge and competencies are key to business competitiveness (Hitt et. al., 2001). Accordingly, the business is conceived as a repository of knowledge (Nelson & Winter, 1982; Spender, 1996). The organizational advantages of the business over market mechanisms arise from its abilities to generate apply and transfer knowledge (Kogut & Zander, 1992).

Knowledge accumulation is possible through organizational learning (OL). OL in turn is the impetus for the development and growth of the organization (Kogut & Zander, 1996; Spender, 1996). Learning occurs as information is generated and exchanged between the business organization and its environment. This influence changes the range of the firm's potential behaviours (Huber, 1991). Knowledge harvested from the environment is crucial to organizational learning, the

development of the firm's competencies and its innovation process (March, 1991). Even though competencies are invisible assets of firms, success or otherwise of a firm would usually depend on how they are able to acquire and utilize them. They further argued that for a firm to succeed in all its endeavors, frantic attempts must always be made to acquire the needed competencies.

## **2.11 Empirical Evidence**

### **2.11.1 Strategic management practices and youth enterprise**

#### **Development/Growth**

Researchers argue that organizational strategic management practices can lead to improved firm performance and facilitate entrepreneurial behaviour (Covin, et al. 2006; Covin and Slevin, 1991; Harris & Ogbonna, 2006; Ireland et al. 2009). It is important to note that, the business environment is crucial to strategic management processes and influences sustainability, performance, and wealth creation capabilities (Hitt, et. al. 2009). The significance of strategic management in globalized environment is therefore manifested in growth of literature on the subject (Ireland, Covin & Kuratko, 2009; Shimuzi & Hitt, 2004).

This is because the business environment is crucial to strategic management processes and influences sustainability, performance, and wealth creation capabilities (Hitt, et. al. 2007; Eisenhardt & Schoonhoven, 1996). Although both strategic management and entrepreneurship are important variables of

organizational growth and sustainable competitiveness, research is heavily skewed towards strategy (Barney 1991; Harris & Ogbonna, 2006).

That notwithstanding, a review of recent studies in the business science indicates growing focus on strategic management practices and entrepreneurship and their inter-relatedness (Hitt, Ireland, Camp and Sexton, 2001). Pressure is therefore mounting on organizations to consider strategies for entrepreneurship and entrepreneurial strategies that stimulate performance, growth, competitive advantage and wealth creation - regardless of firm age, size and industry - in emerging, developing or developed economies (Ireland, et. al. 2003). Equally important is the observation that strategic management has long been associated and concerned with intra-organizational activities that direct the mission, vision and goals that dictate how the business competes in wealth creating activities.

A growing number of scholars have proposed new concepts to study the inter-relatedness of strategic management and entrepreneurship. Studies by Ireland, Covin and Kuratko, (2009), McGrath and MacMillan (2000), Meyer and Heppard (2000) show measureable and valid interrelationship between strategic and entrepreneurial thinking concerning business performance and competitive advantage. Furthermore, a growing body of literature has shown that viable competitive advantage and wealth creation are at the core of both entrepreneurship and strategic management (Hitt, et al. 2001; Hitt & Ireland, 2000, Morris & Kuratko 2002, Venkatraman & Sarasvathy, 2001).

There are different studies undertaken on what mode the strategic management process should take. While deliberate (rational) strategic management modes in which analysis and extensive access to information play a pivotal role have long been viewed as the central premise of strategic management theory, their importance to small firms is now being questioned (Lumpkin & Dess 2006). The critics argue that traditional perspectives present an idealistic view of the strategy-making process, far removed from the practical and realistic side of day-to-day management of organizations (Gibbons & O'Connor 2005). Nagel (1984) stated that small organizations are less likely to utilize conventional strategic management models and strategic planning concepts than large organizations. Gibb and Scott (1985) also found an absence of formal strategic management in small businesses for the organization, in the large company planning sense.

Leitner (2007) carried out a longitudinal survey of SMEs in Austria in two surveys in 1995 and 2003. The purpose of the research was to find out the role and nature of different strategy-making modes in 91 SMEs. The results revealed that most of the SMEs had, at the same time in at least one area, a deliberate strategy. Interestingly, only one company was found to be a pure emergent strategist. The conclusion was that companies were combining different strategy-making modes simultaneously. These findings are consistent with the findings of Menzel and Günther (2012) who also observed a lack of formal strategic management in SEs in their 2-year in-depth qualitative single-case study of 65

employees working in a medium-sized enterprise in Germany. They concurred that strategy-making in small firms is emergent, adaptive, and based on personal relationships.

In another survey of 500 small- and medium-scale manufacturing concerns in the United States of America, Metts (2011) investigated the role of adaptive decision-making and its potential significance in strategy-making in small- and medium-sized manufacturing companies and found that adaptive decision-making plays a significant role in the formation of strategy in manufacturing SMEs. He proposes an adaptive decision-making where the managers try to avoid uncertainty by searching for reactive solutions to existing problems. However, the study was also conducted in the context of a developed country. Besides, the study did not compare whether the adaptive processes led to better performance than other informal modes of strategic management which this study addresses.

In another survey exploring the adoption of formal strategic management practices among the small and medium enterprises within Mombasa County in Kenya, Irungu (2011) found out that a majority (53%) of the SEs had documented their strategy process in the form of written plans and objectives. However, the communication of the plans was not elaborated as 53% communicated by word of mouth indicating an informal communication system. The study thus concluded that the extent of adoption of formal strategic management practices among SMEs within Mombasa County was still low. In his study seeking to determine the

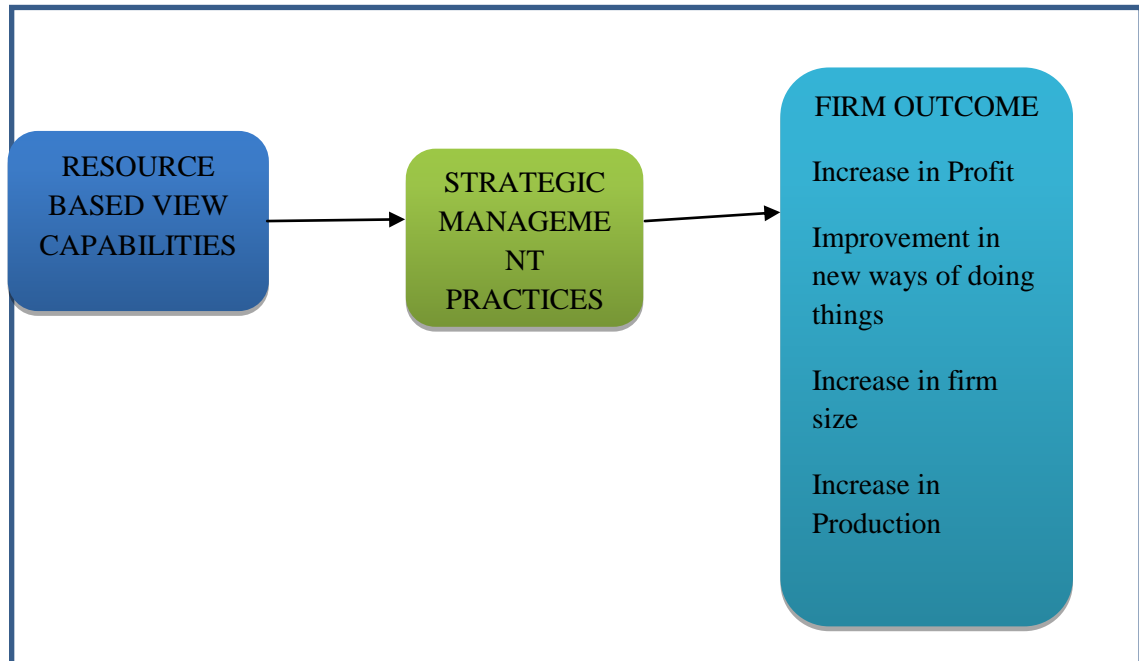
strategic planning practices adopted by micro and small business in Kisumu Central Business District.

Mutua (2012) also found that micro and small firms practiced strategic planning to varied degrees. However, the average rate of adoption of the strategic planning practices still fell below levels required for spur sustained growth and survival especially for those firms within Kisumu Central Business District. The study also revealed a gap between formulation of strategic plans and their implementation. The study noted that SMEs seemed to over-concentrate on short-term operational issues as at the expense of long-term strategic issues. Further, in a survey on strategic management practices in small and medium enterprises at Kariobangi Light Industries, Nairobi, Kiruja (2011) also concludes that most of the firms surveyed did not have any formal strategic management mechanisms.

Reviews and assessments of entrepreneurship and strategic management research strongly suggest that the development of cumulative body of knowledge is lacking and inconsistent and yet necessary. The necessity and significance of research in entrepreneurship and strategic management is underlined by the fact that these fields are interrelated and are both concerned with sustainable performance, growth and wealth creation.

## 2.12 Conceptual Framework for the Study

**Figure 2.1: The Conceptual Framework for the Study**



**Figure 2.1: The Conceptual Framework for the Study**

The conceptual framework of the study as shown in figure 2.1 shows that, the RBV capabilities which include the rarity of firms' resources, the non-susceptibility of firms' resources, the non-imitability and also the value placed on firms' resource gives youth firms a competitive advantage in their respective industries. However, the RBV capabilities of youth firms also contributes to their adoption of certain strategic management practices such as vision and mission statements, corporate goals and long-term goals. The adoption of these strategic management practices however do have positive impact on the firms; hence, the strategic management practices contributes to positive firm outcome in terms of

increase in profit, increase in production as well as improvement in new ways of doing things.

### **2.13 Chapter Conclusion**

This chapter specifically dealt with a review of literature on strategic management practices and youth entrepreneurship in the African context. However, per the analysis of literature reviewed, it is evident that, the use of strategic management practices by youth firms in Ghana is non-existent which calls for an empirical analysis on issues related to the constructs under study. Thus, the contextual gap identified in literature gives much foundation for this research to be conducted in the Ghanaian context.

## CHAPTER THREE

### METHODOLOGY

#### 3.0 Introduction

This section entails the methodological approaches used in conducting the study. It includes the following: research design, population of the study, sample size, sampling techniques, procedure for data collection, research instruments, data analysis techniques, as well as ethical considerations.

#### 3.1 Research Design

Burns and Grove (2003) define a research design as “a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings”. According to Dawson (2002), a research design is defined as the conceptual structure within which research would be conducted. Polit et al (2001) define a research design as “the researcher’s overall for answering the research question or testing the research hypothesis”. The descriptive qualitative design was appropriate for the study.

Burns and Grove (2003:19) describe a qualitative approach as “a systematic subjective approach used to describe life experiences and situations to give them meaning”. Holloway and Wheeler (2002:30) refer to qualitative research as “a form of social enquiry that focuses on the way people interpret and make sense of their experience and the world in which they live”. The qualitative design was used on the grounds that, the researcher sought to describe the characteristics of

the phenomenon under study. According to Saunders et al. (2007), the qualitative research design enables a researcher to describe the characteristics of a phenomenon under study. Again the qualitative approach is adopted to discover the feelings, behaviour, perspectives and experiences of people while highlighting on the thoughtfulness of these features (Ntlaletse, 2009). Since the study found out the extent of the application of strategic management practices among youth-owned enterprises, inferences were drawn based on the responses given by respondents which gave a description of their perceptions on strategic management practices. The descriptive qualitative design however, enabled the researcher to gain an in-depth understanding of the strategic management practices employed by youth firms and hence made meaningful deductions that can contribute to academic community.

### **3.2 Population of the study**

Burns and Grove (2003) describe population as all the elements that meet the criteria for inclusion in a study. Parahoo (1997) defines population as “the total number of units from which data can be collected”, such as individuals, artifacts, events or organizations. The population of the study comprised of all youth-owned enterprises in the Greater-Accra Metropolis. However, the accessible population consisted of all owner-managed youth enterprises. The Greater-Accra Metropolis was selected as the population location because it is the commercial city and the national capital of Ghana where majority of firms had their headquarters (Abor, Adjasi and Hayford, 2008).

Burns and Grove (2003) define eligibility criteria as “a list of characteristics that are required for the membership in the target population”. The use of criterion sampling is helpful for excellent assurance in qualitative research (Creswell, 1998).

The criteria for inclusion of firms in this study were:

- The firm had to be owned and managed by a youth. A youth is defined by the Ghana National Youth Policy (2010) as persons who are within the age bracket of fifteen (15) and thirty-five (35).
- The firm had to be a micro, small and medium in size. According to the Ghana Enterprise Survey (2007), a micro firm comprise of 1 to 4 employees, 5 to 19 employees for small enterprises, employee size of 20-99 represent the medium size enterprise, and large firms have more than 99 employees.
- The firm had operated not less than three (3) years.
- The firm had to be independent which implied that it should not be a subsidiary of any international firm.

### **3.3 Sample Size**

The sample size for the study consisted of twenty (20) owner-managed youth firms in the Greater-Accra Metropolis. Holloway and Wheeler (2002) assert that sample size does not influence the importance or quality of the study and noted that there are no guidelines in determining sample size in qualitative research.

Qualitative researchers do not normally know the number of people in the research beforehand; the sample may change in size and type during research. Sampling goes on until saturation has been achieved, namely no new information is generated (Holloway 1997). According to Marshall et al (2013), qualitative researchers should have a sample size between 15 and 30 and that, it would be simple to question whether a researcher had been able to dedicate sufficient consideration to reporting and analyzing thoroughly, rich content with such large datasets. The choice of the 20 firms is therefore justifiable.

### **3.4 Sampling Techniques**

Burns and Grove (2003:31) refer to sampling as a process of selecting a group of people, events or behaviour with which to conduct a study. Polit et al (2001) confirm that in sampling a portion that represents the whole population is selected. The purposive and convenience sampling techniques were utilized in the study. The purposive sampling was justified on the premise that, the respondents of the study had to meet the criteria established by the researcher. Thus, only firms that met the criteria stipulated by the researcher were chosen for the study. Convenience sampling was also important in the sense that, the data gathering process was such that the researcher could grant interviews only when respondents were available and willing to participate in the study.

### **3.5 Data Sources and Instruments for Data Collection**

The researcher made use of both primary and secondary sources of data in this study. The primary source of data was made up of data gathered directly from owner-managed youth enterprises through interviews. The secondary source of data on the other hand comprised of relevant data that were gathered by the researcher from journals, articles and textbooks.

According to Parahoo (1997), a research instrument is “a tool used to collect data. An instrument is a tool designed to measure knowledge, attitude and skills”. Structured interview was the appropriate instrument used for data collection as the study investigated the experiences of respondents relating to the phenomenon under study. The interview allowed the researcher to probe further on issues that require further clarification. This is justified on the grounds that interviews yields rich data, new insights and details as it allows respondents to describe what is significant or important to them using their own words (Kvale, 1996). Interviews are however considered as appropriate qualitative research instrument for data collection (Myers and Newman 2007; Talmy 2010; Mann 2011).

The interview guide was divided into two sections namely Section A and B. Section A comprised of the Bio Data and Firm Demography of respondents which included the following: age of respondent, educational level of respondent, gender, marital status, registration status of firm, years of existence of firm as well as firms' sector of operation. This section also constituted the number of

employees of the firm, membership of a professional association of firms' manager as well as the name of such professional association if any. The section B of the interview guide comprised of questions regarding perceptions of owner-managed youth enterprises on strategic management practices. Responses from the interviews were recorded by the use of a tape recorder.

### **3.6 Ethical Considerations**

The following ethical considerations were ensured during the study.

Confidentiality was ensured because responses gathered from the respondents were used for research purposes only and was treated with maximum confidentiality. Also in order to ensure confidentiality, any indicators that could identify respondents such as names, date of birth, contacts etc. were avoided in the data collection process.

Informed consent was achieved in the sense that, the respondents were duly informed about the purpose of the study and could only participate in the study only if they were willing to do so.

### **3.7 Data Analysis**

Data analysis means to organize, provide structure and elicit meaning. Analysis of qualitative data is an active and interactive process (Polit et al. 2001). Data Analysis was guided by the research questions. Data collected were first of all transcribed and coded. The coded information was keyed and analyzed using the

Statistical Product and Service Solutions (SPSS) version 20 software. Descriptive statistics such as frequencies and percentages were therefore utilized to present the characteristics of respondent's and firm's demographics.

According to Marks and Yardley (2004), thematic analysis gives the chance to appreciate the prospects of any issue more broadly. Thematic analysis goes beyond including explicit words or phrases and centres on categorizing and relating both implicit and explicit thoughts. Various themes were therefore identified by the researcher and the respondents who were identified with these themes were recognized accordingly.

### **3.8 Chapter Conclusion**

This chapter was concerned with the methodological benchmarks that guided the study. Issues related to research design, sampling techniques, sources of data, instruments for data collection and ethical concerns have been duly addressed. The preceding chapter therefore deals with the analysis of data and discussion of results.



## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSION OF RESULTS**

#### **4.0 Introduction**

This section of the study analyzes the data gathered from the study, presents and discusses the research results. It also gives a brief description of both individual and firm (cases) characteristics from the data.

#### **4.1 Description of Cases (Individuals and Case Companies)**

##### **4.1.1 Demographic characteristics of respondents**

This section discusses the demographic characteristic of the owner-managed business youths interviewed for this study. Their gender, age, highest educational attainment and marital status are discussed. These characteristics of the individual respondents are reported in table 4.1 which are indicated in counts (frequencies) and percentages.

##### **4.1.1.1 Gender of Respondents**

As indicated in table 4.1 above, the gender distribution of the respondents is 14 male to 6 female. Thus, the majority (70%) of the respondents are male while the remaining 30% were female. This indicates more representation of the male in the survey relative to their female comparators. Thus, there are more youthful men than women who are engaged in, own and manage businesses in Ghana.

**Table 4. 1: Demographic characteristics of surveyed owner-managers**

	Frequency	Percentage (%)	Cumm. Freq. (%)
<b>Gender:</b>			
Male	14	70	70
Female	6	30	100
Total	20	100	
<b>Age:</b>			
26-30	11	55	55
31-35	9	45	100
Total	20	100	
<b>Highest Education:</b>			
Dip/HND	3	15	25
First Degree	10	50	45
Second Degree	5	25	80
Others	2	10	100
Total	20	100	
<b>Marital Status:</b>			
Single	13	65	65
Married	7	35	100
Total	20	100	

**Source:** Field Survey, 2015

#### 4.1.1.2 Age Distribution of Respondents

Also indicated in table is the age distribution of respondents in the various age categories. This study employed the age bracket of 26 to 35 years to define youth. The table reports that more than half of the respondents (55% of them) fall within the 26 to 30 years age bracket/cohorts and the remaining 45% are aged 31 to 35 years. This clearly indicates that majority of the business owners are in the early stages of their youth.

#### 4.1.1.3 Highest Educational Level of Respondents

The educational levels were categorized into diploma/Higher National Diploma (HND), first degree, second degree, and other (Vocational, Pre-tertiary levels). At

the time of the interview, the distribution of the respondents regarding their current or highest level of education attainable revealed that all respondent have attained some level of formal education: 50%, constituting the majority have first degree as the highest level of education, followed by 25%, 15%, and 10% of them with second degree, Diploma/HND and other as highest level education attained. This reflects the fact that these youth managers have some considerable knowledge, skill and/or theoretical expertise to be able to run their business all things being equal.

#### **4.1.1.4 Marital Status**

The marital status of respondents in this study was captured in the categories of single and married. Evident in the table, and supported by the age distribution of respondents, the majority (65%) of them is single and the remaining 35% married.

#### **4.1.2 Demographic Characteristics of Case companies**

This section also presents and describes the demographic characteristics of Case companies. In the previous section, the criterion for selection of case companies was outlined. In all, twenty (20) companies were selected and examination of those criterion revealed that all 20 qualified for the study hence, data from the Cases were deemed valid for analysis. The age of the enterprises (years of operation), sector of operation and the firm size are discussed here.

#### 4.1.2.1 Age of firm (years of operation)

The age of firm or years of operation of firms was categorized into two (2): 3-5 years and 6-10 years. Table 4.2 above indicate that out of the 20 firms 15 firms (representing 75% of the sample) and constituting the majority had been in operation for at least 3 years and in their fifth year of operation, while the remaining 5 (25%) are aged between 6 to 10 years. This imply that majority of the firms are very young and might probably be in their introduction phase of the business growth cycle.

**Table 4. 2: Demographic characteristics of case companies**

	Freq.	Percentage (%)	Cumm. Freq. (%)
<b>Age of Firm (Years of Operation):</b>			
3-5 years	15	75	75
6-10 years	5	25	100
Total	20	100	
<b>No. of Employees:</b>			
less than 5	12	60	60
5-19	6	30	90
20-99	2	10	100
Total	20	100	
<b>Sector of Operation:</b>			
Agricultural	2	10	10
Manufacturing	7	35	45
Services	11	55	100
Total	20	100	

**Source:** Field Survey, 2015

#### 4.1.2.1 Number of Employees

As reported in table 4.2 above, 12 (60%) of the firms have an employee size of less than 5, 30% with 5-19 employees and the remaining 10% which make up the

minority has 20-99 employees. This implies that, according to the World Bank classification of firm size for Ghana as indicated in the previous chapter, 60%, 30% and 10% of the case firms are micro, small and medium firms respectively. The firm size evidently supports the assertion that most of the firms are probably in the introduction phase of the business cycle.

#### **4.1.2.3 Sector of Operation**

Again, sectorial distribution of the case companies reveals that the bulk of the companies are in the services industry with 55% representation. This is followed by 35% of them in the manufacturing sector and the remaining 10% in the agricultural sector.

### **4.2 Empirical Results**

#### **RQ1: What is the perception of owner-managed youth enterprises on strategic management practices?**

On the perception of strategic management, the respondents were asked about what they think of strategic management practices. The responses were categorized and coded into the following themes as presented in table 4.3 below. The frequencies of their definition and understanding of strategic management practices as coded from their responses were computed and subsequently, their respective percentages calculated. The themes under which the definition or understanding of strategic management practices, as presented by the respondent were coded include: “practices that transform strategy into action”, “practices that

form the core values of a firm” and “practices that inform management’s approach to implement business strategies”.

**Table 4. 3: Responses on perception of respondents on strategic management practices**

<b>Strategic Management Practice</b>	<b>Frequency</b>	<b>Percentage (%)</b>
practices that transform strategy into action	16	80
practices that form the core values of a firm	13	65
practices that inform management’s approach to implement business strategies	11	55

**Source:** Field Survey, 2015

As evident in table 4.3 above, strategic management practices according to 80% of the respondents, which represents the majority, is about “transforming strategies into action”. 65% of them responded that management development practices as those practices that form the core values of a firm” and another 55% perceive strategic management practices as “practices that inform management’s approach to implement business strategies”. They also made mention of some of the strategic management practices which included among other, the mission and vision statements of an organization, long-term objectives, corporate goals and both internal and external analysis made by the firm as well as their action plans.

*“Strategic management practices refer to the process by which the business translates its strategy into action. That it then takes advantage of the resources that are available or that are to be acquired by the business in order to achieve its goals”*(Case, 2)

*“Strategic management practices are more associated with the kind of management style used to implement a plan or strategy in a firm”*(Case, 4)

The various definitions or understanding of strategic management practice by the youth business owners, and the examples of management practices cited all identifies with the definition of strategic management practices by Anderson (2004). The definition by Anderson (2004) includes practice like mission and vision statements, corporate goals, strategic evaluation and control, internal and external analysis, and long-term objectives among other.

**RQ2: What strategic management practices are used by youth businesses in Ghana?**

The various youth enterprise owners were also asked about the strategic management practices they adopt or have implemented in ensuring the growth and development of their enterprises. Responses to questions on the various strategic management practices adopted revealed that the strategic management practices adopted by the case enterprises included: “mission and vision statements”, “corporate/annual goals”, “internal analysis”, “external analysis” and “long-term objectives”.

*“For our organization, I will say that, we do employ internal and external analysis. Looking at our industry that we operate in, there are a lot of competitors because for the photography industry if you want to excel, you must identify your internal strengths and weaknesses as an organization. This will help you to know your shortfalls and then correct them in order to be ahead of your competitors. In terms of external analysis, as I already said, we have a lot of competitors in the photography industry, so based on that, we try to identify new things that we can add to what we do in order to stay ahead”*(Case, 2)

*“ Hmm, talking about strategic management practices of this firm, I think we have our mission and vision statements. The vision statement basically serves as a form of direction for this firm; because it has specified what we want to achieve or where we want to be in future as a company. Talking about the mission statements, they seem to define our daily operations as an organization. I will add that, the vision and mission statements are very important to us as a firm. We make sure that, all our employees know and understand our mission and vision statements very well. We always remind employees about that, and in a way, it makes them very serious at the workplace” (Case, 9).*

*“Personally, I believe that, for every organization to grow and develop and also stand out, it needs to take its internal and external analysis very serious. For our firm, we do not joke with that at all, we are constantly, building on our strengths and also trying very hard to work on our weaknesses because we don’t want our competitors to take advantage of our weaknesses. With regards to external analysis, we constantly monitor what our competitors are doing differently and always try to ensure that, we come up with something more innovative than what they are doing. I must say that, it has really helped us to grow and develop as a firm” (Case, 15)*

### **RQ3: What is the relative strength of strategic management practices among owner-managed youth enterprises?**

To examine the relative importance of the various management practices employed by Youth businesses in Ghana, respondents were asked about the various strategic management practices they have in place or are been adopted/implemented. The frequencies of their response were recorded for each practice and the respective percentages computed. The various percentages were however ranked in order to analyze which practice is mostly implemented by the youth businesses. The result from this analysis is therefore presented in table 4.4 below. The ranking on a scale of 1 to 4 (low to very high emphasis) included Low (1=50-59), Moderate (2=60-69), High (3=70-79), Very High (4=80-89).

**Table 4. 4: Responses on strategic management practices of case firms**

<b>Strategic Management Practice Employed</b>	<b>Freq.</b>	<b>Percentage (%)</b>	<b>Rank</b>
Mission and Vision Statements	15	75	3
Action Plans	14	70	3
Corporate/Annual Goals	17	85	4
Long-term Objective	12	60	2
Internal Analysis	16	80	4
External Analysis	16	80	4

**Source:** Field Survey, 2015

From table 4.4 above, it is evident that “corporate goals”, “internal analysis” and “external analysis” ranked 4 (very high) on the strategic management practices employed by youth businesses. Intuitively, it means that they constitute the most emphasized strategic management practice by youth businesses in Ghana. This is however followed by “mission and vision statements” and “action plans” which ranked 3 (High) and then “long-term objective” ranking 2 (Low). This makes long-term objectives as a strategic management practice that is least emphasized by youth businesses in Ghana. This could probably be accounted for by the stage of the firm in the business cycle. Thus, as a young firm, the major focus could probably be the immediate survival of the firm and this could possibly account for other short-term plans and strategies like corporate goals (which is usually annual), internal and external analysis (like market trends, environmental factors, demand, etc.) overshadowing long-term objectives.

Corporate/Annual goals are set targets that a firm can reasonably be expected to achieve within a year. The result for corporate goal confirms the assertion by Pearce II and Robinson (2011) that for firms to satisfy its stakeholder's interest, it has to survive in the competitive environment and given that the firms under study are young businesses, it is very logical for them to focus most on the corporate goal.

Again, in order for firms to be able to satisfy stakeholder's interest and continue to be in business, it is very prudent that it extensively analyze its external environment to identify opportunities and threats (Abdalkrim, 2013), to discover changes already under way and also foresee changes (Dess and Lumpkin, 2003) while evaluating and taking its prospective strengths and weaknesses into consideration. The importance of both internal and external analysis in this study is in line with Hunger and Wheelen (2007) who argue the importance of information gathering about factors that affect an organization in order to appropriately analyze its internal and external environment.

Also, according to Rossouw and Groenewalf (2003), vision statement outlines where a business intends to go and what need to be done to get there while Hills (2008) define mission statement as the purpose and core reason for an organization's existence. Emphasis on the mission and vision statements by the case firm in strategic management indicate that most youth enterprises in Ghana

are operating within the jurisdictions of its purpose for being in business as well as having a guided focus based on their mission and vision statements.

*“Vision Statement is more of where the company wants to be in future and the policies and procedures outlined to help the company to achieve that future” (Case, 10)*

*“If vision is the destination, mission statement is like the vehicle to that destination. The mission statement should incorporate the day-to-day strategy that will be used by the firm to achieve its vision” (Case, 14)*

*“Long-Term Objectives are similar to the vision statement because businesses take time to develop and things are not instant when it comes to business”(Case, 3)*

*“Corporate goals can either be short-term or long-term and they have a link with the vision of the organization” (Case, 15)*

*“Internal Analysis has to do more with the strengths and weaknesses of the organization/ firm. It is important for firms to find out their internal strengths and weaknesses eg. Staff/employees, capital etc”(Case 12)*

*“External Analysis has to do more with the opportunities and challenges that could be encountered by an organization as it seeks to implement certain strategies. In external analysis, the firm has to find out how its strategies are affecting its clients; suppliers etc” (Case, 2)*

#### **RQ4: What are the implications of strategic management practices on the growth and development of owner-managed youth firms?**

The management practices adopted by firms are meant to ensure that a firm gains some competitive advantage over its competitors. To examine the implication of these strategic management practices on the development of youth enterprises in Ghana, respondents (youth business owners) were asked to indicate the outcome of its management practices on key growth and/or development indicators. Table 4.5 presents result on the impact on key growth and/development indicators as provided by respondents.

From the table, according to majority of the respondent's (90%), the strategic management practices adopted led to increased sales volume and profit. This logically follows from the strategic management practice that emphasized on the annual goals of the firm, internal and external analysis. Also, 10 out of the 20 respondents (50%) indicated that the management practices put in place ensure new and improved ways of doing business; while 60 and 45 percent see increased production and firm size (employee) respectively as dividend from the management practices adopted. This clearly indicate that the strategic development practices put in place or adopted by the youth enterprises in Ghana has actually paid dividend in the businesses' growth and development.

*"Economically profit has increased and not only that we have also attained much knowledge in our field" (Case, 1).*

*"Profit has been enormous especially due to the fact that we increased the prices of our services after we had improved well on our brand. However despite the fact that, most of our profit is re-invested into the business, we can still boast of some good profit at the end"(Case 16).*

Findings on impact of strategic management practices on youth enterprises' growth and development confirms results by Coin and Sleving (1991), Barringer and Bluedorn (1999) and Harris and Ogbonna (2006) on the effect of management practices of firm performance. Similarly, Miller (1983), Covin et al. (2006) and Ireland et al. (2009) argue that strategic development practices can improve the performance of firms and facilitate entrepreneurial behaviour. :

**Table 4. 5: Impact of strategic management practices on firm growth and development**

<b>Growth and Development Indicators</b>	<b>Frequency</b>	<b>Percentage (%)</b>
increase in profit	18	90
increase in sales volume	18	90
adoption of new methods of doing things in the firm	10	50
increased production	12	60
increase in size (employee)	6	30

**Source:** Field Survey, 2015

#### **4.5 Conclusion**

This chapter looked at result presentation and discussion on the responses from the interview. It briefly discussed the demographic characteristics of the youth enterprise owner and the case companies, and also answered the research questions by presenting and discussed finding from data analysis. The next chapter concludes the study and gives recommendations based on these finding.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION & RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter of the study concludes the study by providing a summary of the major findings of the study and also makes constructive recommendations based on the findings.

#### **5.1 Summary of the Findings**

This study sought to empirically evaluate the strategic management practices utilized by owner-managed youth firms in Ghana. From the study, it was revealed that, majority of owner-managed youth firms do perceive strategic management practices as the kind of practices that transform strategy into action. Other respondents however perceived strategic management practices to be the practices that form the core values of the firm as well as inform management's approach to implement business strategies.

In the study's quest to evaluate the importance of strategic management practices employed by youth-owned businesses in Ghana, it was found that much emphasis was placed on corporate goals as well as internal and external analysis by the youth firms. However, mission and vision statements were also regarded as highly important strategic management practices utilized by youth firms. Long-term

objectives were however ranked as the least important strategic management practice utilized by youth firms in Ghana.

The study further found that, strategic management practices used by youth-owned firms had significant implications especially on increase in sales volume and profit. Other relevant implications revealed by the study included the following; improvement in ways of doing business, increased production and increased firm size in terms of number of employees.

## **5.2 Conclusion**

This study employed the descriptive qualitative design to evaluate the strategic management practices of owner-managed youth enterprises in Ghana. In all, twenty firms based in Accra were used for the study. Based on the findings of the study, it could be concluded that, youth firms in Ghana do perceive strategic management practices from an action-oriented perspective. That is to say that, strategic management practices are not theoretical in nature so far as youth businesses are concerned. Rather strategic management practices are perceived as the practices that need to be implemented in order to transform a particular business strategy into action. This gives the indication that, strategic management practices play key roles in the implementation of business strategies among youth firms. It was therefore not surprising that, strategic management practices were also regarded as the practices that have to do with the core values of youth firms as well as managements' approach to implement business strategies.

Further, it can be concluded that, the use of strategic management practices such as corporate goals; internal analysis, external analysis; mission and vision statements and long-term objectives had significant implications on the firms' profit, improved ways of doing business, increase in production as well as increase in firm size. Thus all strategic management practices used by youth-managed firms in Ghana have played significant roles in the growth and development of the firms.

Despite the positive impact of strategic management practices on youth firms in Ghana, it was also observed that, in practice most of these strategic management practices, for instance, internal and external analysis were not properly done in the firms that participated in the study.

### **5.3 Recommendations**

The study recommends the following based on the findings of the study:

Firstly, strategic management practices should be given proper attention in the growth of businesses in Ghana. This is because, just as the study has revealed that its application in youth-owned firms has significant implications, it gives the indication that, when they are applied in general businesses, they have the tendency of enhancing firm growth and development.

Secondly, the study recommends that, stakeholders in the field of youth entrepreneurship must adopt strategic management practices as a key indicator for the success of youth enterprises. Hence, the various entrepreneurship programs from the government and other stakeholders must imbibe the concept of strategic management practices in the training of aspiring youth entrepreneurs in the country.

Lastly, the study recommends that, in as much as corporate goals as well as internal and external analysis are very key during the early stages of firm establishment, it is also important for youth-owned firms to concentrate much on long-term objectives. This is because; it is possible that youth firms may identify certain opportunities at the initial stages of their firm which they may not have the capacity to capitalize on such opportunities. Therefore, by holding long-term objectives in high regard, youth firms at their initial stages could come up with long-term strategies that will capitalize on opportunities identified initially which needs the right resources and capacity for them to be implemented in the nearest future.

#### **5.4 Directions for future studies**

This study has provided an empirical analysis of strategic management practices among youth-owned enterprises in Ghana. Future researchers can therefore do a comparative study by looking at the use of strategic management practices among male owner-managed youth firms and female owner-managed youth firms.

Further, future researchers can also compare the use of strategic management practices among youth owner-managed firms which are urban centered against youth owner-managed firms which are rural centered.

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## **APPENDIX**

### **UNIVERSITY OF GHANA BUSINESS SCHOOL**

#### **INTERVIEW GUIDE**

##### **INTRODUCTION**

The researcher is a postgraduate student from the University of Ghana Business School pursuing an M.Phil in Business Administration (Human Resource Management Option). He is conducting a research on the topic: “Strategic Management Practices and Youth Enterprise Development in Ghana”. This interview guide seeks for your candid opinions on the strategic management practices and youth-owned enterprises in Ghana. You are assured that, your responses to items on this interview guide are for research purposes only. Thank you.

##### **SECTION A: BIO DATA & FIRM DEMOGRAPHY**

1. Age: 15-20 [  ] 21-25 [  ] 26-30 [  ] 31-35 [  ] 36 and above
2. Education: BECE [  ] SSSCE/WASSCE [  ] Diploma/HND [  ] First Degree [  ] Others [  ]
3. Gender: Male [  ] Female [  ]
4. Marital status: Single [  ] Married [  ] Divorced [  ] Separated [  ]
5. Is your company registered: Yes [  ] No [  ]
6. Years of existence/ Firm age: Less than 1 [  ] 3-5 [  ] 6-10 [  ] 10 and above [  ]
7. Sector: Manufacturing [  ] Service [  ] Agriculture [  ]

8. Number of employees: Less than 5 [ ] 5-19 [ ] 20- 99 [ ]
9. Membership of a professional association: Yes [ ] No [ ]
10. Membership of more than one professional association: Yes [ ] No [ ]
11. Name(s) of professional association: .....

**SECTION B: PERCEPTION OF YOUTH OWNER-MANAGERS  
REGARDING STRATEGIC MANAGEMENT PRACTICES.**

1. In your view, what is the meaning of the following business terms;
  - i. Strategic issues of a firm
  - ii. Strategic management
  - iii. Strategic management practices of a firm
2. What are some of the elements/components of strategic management practices that you adopt in your business?
3. Based on your understanding on 2) above, have you or any group of persons in your company employed some of the strategic management practices?
4. In your view how do you understand business growth and business development?
5. Do you have examples of elements of business growth and development in your firm?
6. To what extent will you say that the strategic management practices you mentioned can be linked to the development and growth indicators you have mention above?

7. Can you explain how strategic management practices trigger the growth and development indicators?
8. Who are the actors of the strategic management practices in your firm?
9. What are the implications of the strategic management practices on your firm's growth and development?

**Perception of respondents on strategic management practices** Code description  
 (√)-Means respondent confirmed the concept/supported the concept/said the same things

Themes	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
a. Strategic management																				
Policy Enhancement	√			√	√						√	√			√			√		
Strategy Promotion		√	√						√				√			√			√	√
Firm Growth							√	√												
Strategy Implementation						√			√					√			√			
b. Strategic Management Practices																				
Practices that transform strategy into action		√		√	√	√	√	√	√	√	√	√	√		√	√	√	√	√	
Practices that form the core values of a firm			√	√	√	√		√	√	√	√	√		√	√	√				√
Practices that inform management's approach to implement business strategies	√		√	√	√	√	√		√	√	√	√	√							
c. SMP adopted by case firms																				
Mission and Vision Statements				√						√		√			√					
Corporate goals	√		√		√			√	√		√			√		√	√	√	√	√
Long-term objectives		√				√	√						√							
Internal analysis																				
External Analysis		√		√		√	√											√	√	
Action Plan			√		√		√		√	√	√	√	√	√	√	√	√			
Impact of SMP	√																			√
Increase in profit																				
Increase in sales volume	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Increase in firm size (employees)																				
Increase in		√	√		√				√							√		√		√

production																			
Adoption of new methods of doing things in the firm	√		√			√	√	√	√	√	√	√	√		√			√	

