

1.
ESTABLISHING AND GROWING SMALL AND MEDIUM ENTERPRISES IN GHANA
A CASE STUDY OF NATURAL FURNITURE WORKS IN THE LEDZOKUKU
KROWOR MUNICIPALITY IN THE GREATER ACCRA REGION

BY
KNUST

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ABSTRACT

This thesis examined and analyzed the Establishing and Growing of Small and Medium Scale Enterprises[SMEs]] in Ghana, Using Natural Furniture Works in the Ledzekuku Krowor Municipality ,in the Greater Accra Region as case study. Descriptive survey was used and the accessible population from the sample frame was used for the study.The list of employees at the firm totally sixty one (61) constituted the sampling frame and all of them were accessible. The lottery method of simple random was used to collect sample of forty (40) for the study. Primary and Secondary data was used. Secondary data was collected from existing data and primary was collected using a questionnaire. The first part of the research was the theoretical part where the topic introduced information that are neglected by many Small and Medium Scale Enterprises [SMEs] owners. There was further explanation of the importance of SMEs and their contribution to the economy of different countries. Also the rigors they go through in realizing their goals .Small and Medium Scale Enterprises [SMEs] have shown their viability in the developed countries, they are recognized by policy makers as an important reservoir for growth. Additionally the study identified what the SMEs lack and recommend measures to ensure the survival and growth of this all important sub sector of the Ghanaian economy.

Dedication

I dedicate this work first to the almighty God who gave me the strength and other resources to successfully accomplish this research amid other competing demands and secondly to my late mother Florence Akua Dede who through thick and thin saw me through my education

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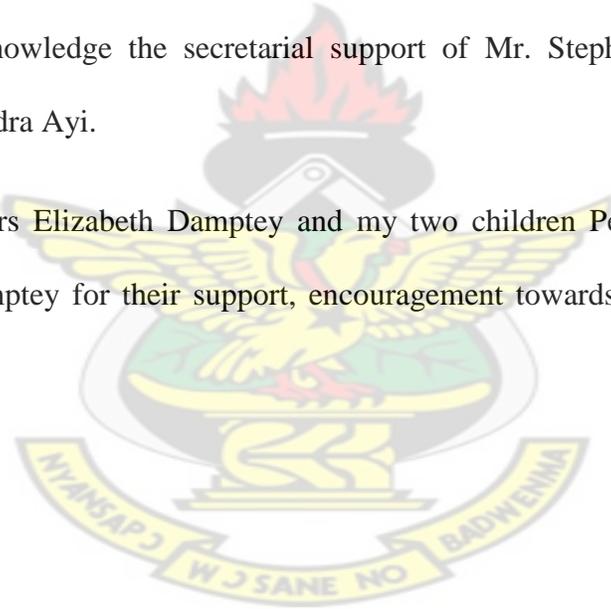
I thank the almighty God for his guidance protection and inspiration.

Without his endless mercy and care I would not have been what I am today and achieved what I have at the present moment.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the study

Small and medium enterprises (SMEs) play a key role in triggering and sustaining economic growth and equitable development in both developed and developing countries in Africa. Amofo (2012) indicates that countries that have focused on the SME section and have ensured its growth have ended up succeeding in enhancing the quality and standard of living of its citizenry, increasing its per capita income and enjoying a rapid growth in the Gross Domestic Product (GDP) among other social-economic effects.

What constitutes an SME in Ghana has been a challenge. According to Kayanula and Quartey (2000), the most commonly used criterion is the number of employees of the enterprise. The Ghana Statistical Service considers a firm with fewer than ten (10) employees as constituting a small-scale enterprise while they describe other firms with more than ten (10) employees as being medium-sized enterprise (GSS, 2007).

The National Board for Small Scale Industries (NBSSI) applies both fixed assets and number employees to define small and medium enterprise in Ghana. According to the NBSSI, small enterprises employ between six (6) and twenty-nine (29) employees with fixed assets of up to \$100,000. Medium-sized enterprises on the other hand, employs between thirty (30) and ninety-nine (99) employees with fixed assets of up to \$1million.

In the corporate world today, issues of SMEs have been a major topic for discussion. The government of Ghana has at various levels focused on SMEs with a lot of support to ensure their growth. Some of the support includes the provision of loans and other fiscal incentives. International agencies and organisations like the World Bank, United Nations Industrial Development Organisation (UNIDO), International Finance Corporation (IFC), the Japanese Non-project Grants and many others are not only keenly interested in making Small and Medium Enterprises (SMEs) robust and vibrant in developing countries but have also heavily invested in them. Locally non-governmental organisations such as the Adventist Relief Agency (ADRA), Sinapi Aba Trust, Millennium Development Goals for Poverty Reduction, the Word Women's Banking, Ghana as well as individual development finance institutions have been promoting SMEs through advocacy and capacity building initiatives such as the setting up private advisory groups and the abolition of the Manufacturing Industries Act, 1971 (Act 356) which repealed a number of price control laws and the Investment Code 1985 (PNDC Law 116) which seeks to promote joint ventures between local and foreign investors.

The exploitation of the potential of the indigenous sector as an engine of growth is seen as an alternative developmental model to the traditional large-scale intensive stages of growth paradigm in developing economies (OEC, 2004). Almost all countries that have focused on the SME sector and are ensuring its growth have ended up succeeding in the significant reduction and its attendant enhancement in the quality and standard of living of its citizenry, increase in per capital income as well as rapid growth in GDP among other socio-economic effects.

A major characteristic of SMEs in Ghana relates to the ownership structure which largely revolves around one personality or family. Hence, a preponderance of the SMEs is either sole proprietorship or partnership. Even where the registration status is that of a limited liability company, the true ownership structure is that of a one-man, family or partnership business.

A major SME in the industry is the Natural Furniture Works. The company is a private enterprise which was set up in 1992 by Mr. George Agbozo. The company was established purposely to produce and sell furniture with the aim of making profit. It now operates two additional outfits within the Ledzekuku Krowor Municipality in the Greater Accra Region with a staff strength of sixty-one (61).

1.2 Problem statement

The discussions above suggest that SMEs in Ghana have performed reasonably well and that they play a significant role in the growth and development of countries the world over. According to Kaayanula and Quartey (2000), SMEs do not only contribute to improved living standards, they also bring about local capital formation and help achieve high levels of productivity and by contributing to a more even distribution of economic activities hence slowing the flow of migration to large cities.

Despite the various support and interventions aimed at revamping SMEs especially those within the Ledzekuku Krowor Municipality, SMEs in the Greater Accra Region appear not to have performed creditably in their expected role of economic growth and development.

Different people, organisation and operators have advanced various reasons as to why SMEs have not been able to live up to expectation. The issues that seem to be of concern to most of these SMEs include lack of access to funds, inappropriate management skills, difficulty in accessing global markets, lack of entrepreneurial skills and knowhow, low consumer demand, lack of patronage of locally produced goods, inconsistent government policies, multiplicity of taxes and levies, and institutional bottlenecks. The situation appears more disturbing when compared with what other countries have been able to achieve with their SMEs.

If Ghana can achieve an appreciable success towards attaining the millennium

Development Goals for 2015, then one way will be to vigorously pursue the

development of its SMEs. The study therefore seek to examine the activities of SMEs in the Ledzoku Krowor Municipality in order to ascertain the possible challenges, concerns and issues that affect their operations and performance and suggest possible solutions for improvement of that sub sector.

1.3 Research objectives

The overall objective of the research is to indentify ways of sustaining the vibrancy of SMEs in the Ledzekuku Krowor Municipality and especially the National Furniture Works so that they can play the expected role as an engine of economic growth.

Specifically, the research is expected to:

Identify the challenges facing Natural Furniture Works as an SME in Ledzekuku Krowor Municipality.

Examine the factors that have resulted in the challenges the company faces.

Establish efforts that are being undertaken to forestall the challenges identified.

Ascertain the extent to which a lack of skilled human resources may affect the Natural Furniture Works as an SME.

Examine the consequences of poor financial management on the operations of the company.

1.4 Research questions

The study addressed the following questions:

1. What are some of the challenges that the Natural Furniture Works face as an SME?
2. What are some of the factors that have accounted for some of the challenges that the company faces?
3. What efforts is the company making as a means of sustaining the vibrancy of the company?
4. How does the absence of skilled employees affect the activities of the company?
5. To what extent is the work of the company affected by poor financial management?

1.5 Relevance of the study

Given the crucial role played by SMEs in economic development, the study is expected to suggest initiatives aimed at promoting the operations of SMEs in the Ledzekuku Krowor Municipality. Importantly, the study is expected to help stakeholders to adopt proactive measures required to ensure that SMEs better perform their roles of ensuring economic growth. In addition, the findings of the study are expected to guide policy decisions generally on SME activities within the municipality and Ghana as a whole.

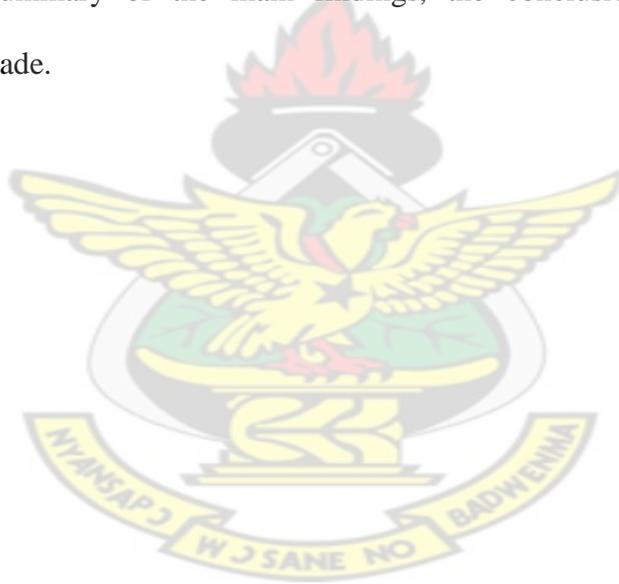
1.6 Scope/limitations of the study

The Ledzekuku Krowor Municipality was the study area and the focus was on the Natural Furniture Works in order to extensively examine the operations of the Company as an SME. Though the study could have had a broader coverage, time and Financial constraints posed a limitation. Hence, generalizing conclusions would have to Be done with caution.

1.7 Organisation of the thesis

The study consists of five chapters. The first chapter focuses on the background to the study, statement of the problem, research objectives, research questions, relevance of the study, scope/limitations of the study and the organisation of the thesis. Chapter two contains a

review of literature relevant to the study. The literature covered definitions of concepts, principles and other necessary information on understanding SME activities. The methodology used in this study is also set out in chapter three. It discusses the research design, the population, sample and sampling procedures/techniques, data collection tools/procedures and data analysis/presentation procedures. Chapter four entails the results of the study. It focuses on the qualitative and quantitative analysis of the demographic characteristics of respondents as well as the various responses of respondents. Chapter five is made up of the summary of the main findings, the conclusions arrived at and the recommendations made.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter discusses SMEs and related literature. It covers definitions of SMEs, nature of SMEs, importance and contributions of SMEs, factors influencing the growth of SMEs, barriers to the development of SMEs in Ghana, measurement of the growth of firms, factors that affect the growth of firms, SMEs and employment creation and the contributions of the SME sector to the economy.

2.2 Definitions of SMEs

SMEs may be defined from both a Ghanaian perspective and an international perspective. These definitions vary due to differences that exist in the economic systems of countries of the world and some of the variables used in the description of SMEs worldwide. According to the Ministry of Trade and Industry (2000: 27), an SME is “a registered enterprise with employment level ranging from thirty (30) to seventy (70) employees and depending on the type of industry will be referred to as a small or medium scale enterprise” Ayagari, Beck and Demirguc-kunt (2003:13) define SMEs as “formal enterprises which have a cut-off range of zero (0) to two hundred and fifty (250) employees”. The United States of America small

business administration (2004) defines an SME as an entity that is independently owned and operated, and is not dominant in its field of operation. Having defined what an SME is, it is important to examine the nature of SMEs.

2.3 The nature of SMEs

Some essential characteristics of SMEs can be distinguished. In developing countries, with a shortage of capital and growing labour surpluses, the following characteristics of SMEs are observed (Cronje, Du Toit and Motlatla, 2001:492). SMEs are generally more labour intensive than larger businesses; on the average, SMEs generate more direct and possibly more indirect, employment opportunities per unit of invested capital. In service industries the capital invested per employment opportunity is even less; they are also instruments for utilising the talents, energy and entrepreneurship of individuals who cannot reach their full potential in large organisations and they represent a breeding ground for entrepreneurial talent and testing grounds for new industries.

SMEs also offer ample opportunities for personal initiative, innovation and the development of new products, services and techniques. Because of the competition that small enterprises engender, they serve as a cornerstone of free markets. Small businesses also play an important role in the social life of the free-market system as they bring competition in the business environment. This competition eliminates monopolies and encourages free trade

which results in quality products and services being offered to customers (Longenecker *et al.*, 2006:14).

The small business is a partner to big business and provides products and services that normally cannot be provided by the latter.

This they do through special niche markets which might consist of a uniquely specialised service or product, or it may focus on serving a particular geographical area. By finding a special niche, a small business may avoid intense competition from big businesses. A small business gives an entrepreneur an opportunity to enter the business world. Sometimes a small business is the only provider of necessary products and services in thinly populated and small markets (Longenecker *et al.*, 2006).

SMEs are important worldwide and their contributions are recognised globally. The influence of SMEs on the economy is of major importance. In addition to their key role as providers of employment, they initiate technological innovation, play a role in the production of new products and the establishment of new businesses, and support large businesses as suppliers and subcontractors. Small business is important worldwide and the World Bank estimates that one of the strongest factors in the growth of any nation's Gross National Product (GNP) is the presence of SMEs. Today, widespread efforts are being made in almost all nations to encourage the development of SMEs. Governmental efforts range from small contributions of capital or time, to large, multi-dimensional programmes that cross multiple national boundaries. For these reasons small businesses deserve much more attention, especially with regard to management education (Cronje *et al.*, 2001:498).

2.4 Importance and contributions of SMEs

SMEs are of great importance to the Ghanaian economy since they can be a mechanism to stimulate economic growth, thereby creating employment in the country. Small and medium sized firms dominate both developed and developing economies in terms of employment in a number of countries, yet their full potential remain untapped.

SMES are known to be hard to influence by policy makers and administrators because they have environmental standards that are in general below those of their large organisations (Gunninghan, 2002). SMEs are very important to economic growth just as they are considerably essential in generating employment in many other developing countries (World Bank, 2009). Therefore, the future of the Ghanaian economy depends to a large extent on the success of SMEs as in many other developing countries. Currently Ghana has a dualistic economy which comprises of the formal sector and the informal sector. The primary importance of the SME sector in Ghana is the creation of employment which contributes to an individual's disposable income. This implies that if people have disposable income they will spend more on goods and services. The consumption of goods and services contributes significantly to economic growth in Ghana. Currently many researchers stipulate that the SME sector is the answer to the alleviation of poverty and creation of jobs in Ghana. The Ghana government and corporate institutions have assigned funds to develop and empower communities through entrepreneurship (Micro Finance and Small Loans Center (MASLOC), 2008).

SMEs represent an important sector of the economy as they have the capacity to absorb the bulk of the unemployment if they produce both for the domestic and export markets, thus contributing to the Sustainable Development Dimension. The SME sector offers employment opportunities to a large section of the labour market (GIPC, 2007). They also support a bigger part of the Ghanaian population and contribute largely to Ghana's Gross Domestic Product (GDP). This support is in the form of income as those employed in the SME sector earn a living through the SMEs. The SME sector therefore plays a significant role in economic growth and improving the standard of living of the people of Ghana.

Against this background, it is necessary to discuss the factors that affect the growth of SMEs in developing countries. This is an important area which should be addressed if the full potential of SMEs as a vehicle for economic growth, improvement of standard of living and employment creation is to be realised (Mawadza, 2006).

The ability of smaller firms to create jobs is clearly a major attraction for governments in the short-term. SMEs must be encouraged and supported to flourish. This is important so that economic objectives (economic growth and development, favorable balance of trade and payments and employment) and social objectives (poverty alleviation and improving standards of living) can be realised. Ghana must respond to the needs of SMEs as they form an important component of the economy (Schlogl, 2004:46).

With the advent of the economic reforms programme over the years, there has been a significant change in the Ghanaian government's attitude towards the SME sector. The SME sector is increasingly viewed as an important engine for employment creation and economic

growth. This has been necessitated by the increasing awareness within the government that large projects in the industrial sector are less likely to generate the requisite employment opportunities, given the high capital-intensity of output in the sector. According to (Kapoor, Mugwara & Chidavaenzi, 1997), experience in Ghana, as is the case in the rest of the world, has shown that SMEs are more flexible and responsive to changes in the market, require relatively less capital, and therefore have the potential to generate significant levels of employment for skilled and semi-skilled labour.

Prospering countries have SME driven economies because the SME sector is the cornerstone of strong economic growth. Employment opportunities, reduction in poverty levels and subsequent improved standards of living are some of the major contributions of the SME sector. However, this sector has many challenges which hamper its growth thereby negatively influencing its contributions.

2.5 Factors influencing the growth of SMEs

According to Liedholm, MacPherson and Chuta (1994), a large number of small enterprises fail because of non-financial reasons such as a lack of forecasting or planning skills, absence of skilled human resources and poor management practices.

However, the role of finance has been viewed as a critical element for the development of small and medium-sized enterprises. Ligthelm and Cant (2003) indicate that there exists limited access to financial resources to smaller enterprises compared to larger organisations.

Typically, smaller enterprises face higher transaction costs than larger enterprises in obtaining credit. Again, poor management and improper accounting practices have hampered the ability of small enterprises to raise adequate finances. Kappel and Ishengoma (2004) posit that information asymmetries associated with lending to small scale borrowers have restricted the flow of finance to smaller enterprises. According to Kappel and Ishengoma, information asymmetry is a situation in which one party in a transaction has more or superior information compared to other. This often happens in transactions where the seller knows more than the buyer, although the reverse can happen as well. Potentially, this could be a harmful situation because one party can take advantage of the other party's lack of knowledge.

It is widely acknowledged that through its labour intensive production and utilisation of basic raw materials, the SME sector, unlike any other business sector, has the potential of reducing the capital cost of creating new jobs. This opportunity may fail if the current financial problems and lack of management skills are not fully addressed. The public and private sectors in both the developed and developing countries contribute towards the development of small businesses. However, there are some factors in the market environment that do not enhance all the initiatives undertaken for the development of small businesses.

Temtime and Pansiri (2004) postulate that governments of developing countries and private enterprises in developing countries are doing much to facilitate participation for all in terms

of the establishment and support for SMEs, but economic forces such as inflation, interest and exchange rates which cannot be easily controlled are negatively influencing these efforts.

Studies carried out in India indicate that SMEs face high interest rates and experience difficulty in raising loans or equity finance, this is as a result of capital market imperfections. Little, Mazumdar and page (1987) mention that such SMEs lack the drive, imagination, managerial ability and the ambition to grow and develop. Taxation in industrial countries discourages SMEs from expanding their operations more than larger companies unless special reliefs are given. First, funding a business is very risky and taxation reduces the potential reward that compensates for the risk. Shortages of raw materials or the excessive price of inputs are the primary problems which SMEs are confronted with in developing countries.

Generally, there are certain specific factors that hamper the growth of SMEs. Such factors which are both internal and external, are discussed below.

2.6 External factors hampering the growth of SMEs

According to Morrison (2006), businesses are affected by external macro-environmental factors that cannot easily be influenced by management decisions since they are external to the company. In other words, they are beyond the control of SMEs. Such factors include competition, political, economic, social, technological, environmental and legal factors. These are discussed below:

Competition

By entering into competition, an organisation is searching for competitive advantage which to a great extent depends to the success of the business (Walley, 1998). SMEs are generally facing low competitiveness in terms of market knowledge, innovation, prudent investment, business operation, and good management, which are important factors required to elevate the quality level.

Developing countries like Ghana is facing competition from other countries due to globalisation and trade is increasing but restrictions generally favour developed countries. The competition is increasing from transnational firms that have advantage of high levels of know-how within management as well as increased competition from foreign firms due to free trade agreements.

According to Lind (2009), numerous SMEs find it difficult to comply with the regulations set up by organisations such as the World Trade Organisation (WTO). This therefore results in technical barriers to trade due to poor quality standards. In addition many countries such as China, India, Vietnam and Indonesia produce similar products as Ghana businesses. Such products are low-cost, low value-added and labour-intensive products and Ghanaian SMEs have to compete with these countries since many Ghanaian businesses focus on price competition strategy through low labour cost (World Bank, 2009).

As Lind (2009) argues, SMEs must understand that the most important thing in business is not to compete on price since it can hamper growth. SMEs need to concentrate on increasing added value in order to enhance competitiveness and stay out of the vicious circle of poverty.

Economic Crisis

According to Cheah and Cheah (2005) economic crisis has constrained the development process in many developing countries in Africa which has a great impact on SMEs as they play an important role in these countries. It is argued that SMEs are more vulnerable to economic crisis and due to their small size, they have limited resources such as finance, knowledge, technology and skills (Cheah and Cheah, 2005).

Consumer behaviour

Consumer behaviour exerts pressure on SMEs to constantly adapt to changes in demand. For instance, the spread of consumer awareness of sustainable development and environmentally friendly products force firms to adjust their business operations. Cheah and Cheah (2005) intimate that it is an opportunity for SMEs to incorporate sustainability policies in their business strategies and operational activities, though there is a need for more institutional support and governmental encouragement to promote the benefits.

In addition, Hassan and Agus (2005) state that demand is changing due to globalisation which also has a great impact on SMEs.

3. Governmental policies

The significance of SMEs within an economy is stress on the importance of having governmental policies that support SMEs; issuing regulations that help them and their ability to operate efficiently and regulations that imply low administrative costs (Harvie and Lee, 2005). Although there has been an increase in governmental policies promoting and supporting SMEs in order to achieve economic growth and reduce poverty, there is still a lack of laws, administrative procedures and access to assistance from governmental agencies (Harvie, 2005).

Access to Finance

Sleuwaegen and Goedhuys (2002) state that insufficient capital or lack of financial sources is the major obstacle for SMEs and usually entrepreneurs need to use personal financial sources to start up their businesses and to expand their operations, since the internal financial sources are normally insufficient.

Nichter and Goldmark (2009) claim that there are policy biases towards large enterprises and small firms face problems in growing due to lack of access to finance. SMEs have difficulty in growing due to insufficient collateral, high transaction costs and incapability to deal with the complexity of formal financial institutions. Moreover, SMEs in developing countries generally do not get formal bank loans (Nichter and Goldmark, 2009). The frequent reasons often provided are those of perceived high risk of default, low profitability and incapability

to demonstrate required physical collateral. In order to cope with these concerns, the Ghana government has put together a stimulus package including an increase of the capital of the SME Bank which is a government financial institution (World Bank, 2009).

5. Geographical location

According to Macpherson and Holt (2006), geographical location has an impact on a firm's growth. They argue that some of the main determinants of location are the availability of industrial sites, infrastructure, distribution and transport logistics, subcontractors, access to raw materials and skilled labour. The problem for SMEs in and outside the Greater Accra region is how to access information. They have less knowledge regarding tax, governmental regulations, marketing opportunities and production technology.

Additionally Macpherson and Holt (2006) state that if an enterprise chose its location strategically such as near to universities or a science park, then the firm could benefit by formal or informal contacts since these institutions can provide resource advantages that reinforce existing technological and managerial skills.

6. Corruption

Corruption has been a serious problem in Ghana for many years. It has been widespread, deeply rooted, well-organised and tolerated. In 2001, Ghana's Corruption

Perceptions Index (CPI) was 3.2 (ranked 61), whereas in 2009, the CPI was 3.4 (ranked 84) out of 180 countries (Transparency International, 2009). It means that the perception of corruption in Ghana has been increasing over the past years.

In terms of business growth, companies consider corruption to be a large barrier when doing business in Ghana, along with hidden costs related to government, policy instability and inefficient government bureaucracy. Transparency International (2008) highlights that in the case of SMEs, bribery is an even more problematic issue since they may feel powerless in the face of demands for bribes and are often unaware that bribery can be resisted.

7. Internal factors hampering the growth of SMEs

According to Morrison (2006), internal factors within an organisation reveal how management decisions and the features of a company can affect the decisions taken regarding the growth of a firm. Factors that are frequently considered part of the internal environment include the marketing objectives, human resource strategies such as employee motivation, staff turnover and provision of training, leadership styles, investment in research and development and the organisational culture (Morrison, 2006).

8. Management competence

Macpherson and Holt (2007) claim that a firm's growth is dependent on managerial knowledge. In comparison with large enterprises, managers of SMEs are generally less

trained. Consequently, they choose poor production technology, do not use proper accounting systems and often underestimate required funding. Another problem identified by Lind (2005), is the lack of communication between the supplier and the customer in many developing countries. Lind highlights the importance of listening to customer requirements in order to understand their expected and perceived benefits of the product. The goal of the customer's concept is to comprehend how a firm's products and services can contribute to improving a firm's business with his customers (Lind, 2005).

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Generally, SMEs spend less on formal training than large enterprises due to financial limitations. Training is crucial for the productivity and quality output. It also influences the effectiveness, efficiency and motivation of the employees (Thassanabanjong et al., 2009). Managers of SMEs fail to listen to employees who really understand the processes of production.

9. Lack of skilled labour

Lack of skilled labour is a hampering factor for SMEs in developing countries. According to (Holden et al., 2007) firms in all sectors and of all sizes can progress through greater use of graduate labour but there is generally a mutual distrust between graduates and SMEs.

Because of the lack of skilled labour as one of the most crucial obstacles for SMEs, it

is difficult for them to attract highly educated workers and retain skilled employees (high labour turnover) since such staff prefer to work for large enterprises that can offer higher salaries, job security and career possibilities, resulting in a slowdown in workforce development which has a negative impact on the quality of goods and services.

10. Marketing

Brush et al. (2009) opine that marketing is another obstacle for companies to grow since many businesses are confronted with the challenges of establishing effective distribution channels, communicating product features, pricing products and services in an attractive way, implementing sales and marketing efforts to win and retain customers and undertaking constant product development in order to sustain sales.

The Ministry of Trade and Industry (2009) identify other aspects such as the understanding of the domestic and international market; lack of capabilities to create innovation, image, exclusive branding; and the lack of appropriate support for marketing infrastructure.

SMEs generally do not have the knowledge or information about other markets and this limits their ability to market their products to larger groups of customers and expand their businesses. Though Brush et al. (2009) believe that massive marketing campaigns are not the best form to achieve success. They suggest that close personal relationships, word-of-mouth

referrals, repeat business and niche marketing efforts have proven to be more cost effective and successful.

11. Technology

SMEs tend to have low productivity and they are weak in terms of competition which is the result of using technology that is obsolete, not maximising machinery utility and not improving in technology due to the limitation of funding. Most SMEs are mainly users of technology, not adaptors of technology. Many managers are not aware of applying the accurate technology in their businesses and they do not have the ability to choose appropriate technology for their businesses. The World Bank (2009) claims that investments in technology are required in order to build up existing capacity and to improve the quality and productivity of production which will generate higher value-added products that will improve the competitiveness of firms.

Additionally, it is crucial for small firms to make the most strategic business decisions hence Trumbach et al. (2006) suggest the need for government support of technology initiatives and networks with research institutions to assist SMEs in terms of technological development.

12. Research and development innovation

The impact of globalisation has pressured SMEs to greater demands (Raymond and St-Pierre, 2004). Particularly in the manufacturing sector, SMEs are facing a pressure to

increase research and development, innovation and quality. Innovation relies on bringing together different types of research and utilising this knowledge to design new products. Thus, innovation increasingly depends on links between scientific research and industrial research and development and without a research and development focus, companies risk falling behind competitors in new product development (Morrison, 2006).

Normally developed countries allocate about 3% of Gross Domestic Product (GDP) to research and development activities. Some developing countries, including China, India and Brazil, have rapidly increased their research and development expenditure, to levels with those of the world's most developed countries (Morrison, 2006). On the other hand, the overall spending on research and development in Ghana is still low at 0.26% of total expenses (GIPC, 2007). Thus, there is a need to increase government subsidies in terms of research and development support in order to gain competitive advantage over foreign competitors. Furthermore, there are many Managers of SMEs in Ghana who lack the education, knowledge and capability to drive advanced developments in terms of innovation.

13. Corporate Social Responsibility (CSR)

Environmental degradation is a global problem of increasing concern throughout society and among consumers (European Commission, 2007). According to Morrison (2008), the concept of CSR is usually associated with large enterprises and SMEs are generally

assumed to be more focused on economics purposes rather than social mostly due to their relatively limited financial resources. As a consequence, these types of limitations increase the weaknesses and disadvantages of SMEs when compared to large enterprises (GIPC, 2007).

Though, SMEs generally have close relations with employees, the local community and business partners and they are typically not less responsible than large enterprises.



CHAPTER THREE

METHODOLOGY

3.1 Research design

According to Panneerselvam (2007), research design aims to describe, analyse methods and throw light on how a research problem is logically investigated. A descriptive survey was used in this research. Such a survey provides descriptive details about the accessible population being studied and attempts to provide answers to the questions that hover around the variables ‘who’, ‘when’, ‘how’, ‘what’ and ‘where’ (McNabb, 2002). Descriptive survey was used by asking the respondents the same set of questions relating to establishing and growing SMEs in Ghana with particular reference to the National Furniture Works within the Ledzekuku Krowor Municipality in the Greater Accra Region.

Profile of study organisation

The Natural Furniture Works is a privately owned organisation. It was established in the year 1992 by Mr. George Agodzo who initially provided capital alone. The firm is engaged in the production of furniture. It has since its establishment opened two new branches also within the Ledzokuku Krowor Municipality in the Greater Accra Region. The firm currently has sixty-one employees with a General Manager together with four (4) departments each with a head of department.

Figure 1 shows the organisational breakdown of the firm.

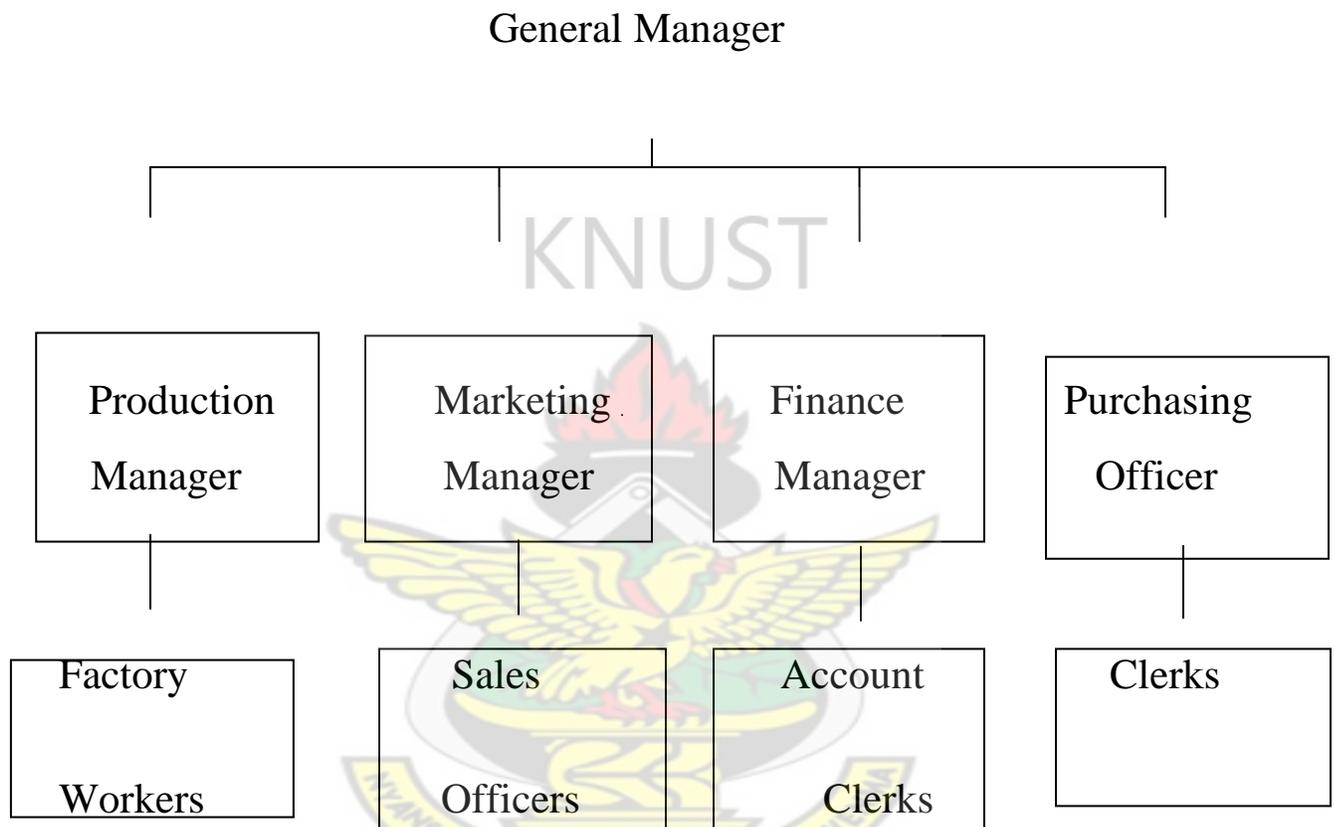


Fig. 1: Organisational structure of Natural Furniture Works

Source: Natural Furniture Company, 2012

The vertical chart defines authority and responsibility relationships and channels of communication in the firm. Authority flows downwards from the General Manager to the

factory workers and those in their line and responsibility flows from that level upwards. In the same way, communication flows both downwards and upwards. Policies and procedures are communicated downwards while feedback from the factory workers and those in similar grades flows upwards.

1 Objective[s]

Objectives are those ends which an organization seeks to achieve by its existence and operation. The objectives must be precise and clearly stated to provide a solid basis for the management to plan, organize, lead and control the business successfully. It must be well coordinated at all times for smooth and effective running of the organization. Below are some of the objectives of the Natural Furniture Works;

Profit Maximization: traditionally, all firms are regarded as an economic institution and a measure of efficiency that is profit. An organization which intends to survive must maximize profit in the long run in order to have enough stands to carry out its activities

Increase Personal Wealth of the Owner: This is one of the objectives of the business and it is most important in Ghana today, because values and personalities are measured and expressed in financial wealth. In order to maintain these values and personalities, the company has to generate sufficient profit aimed at increasing the wealth of the owners

Corporate Image: The business aims at improving its corporate lineage. Every firm has an image that has to be protected in order to enjoy good reputation from all its customers and also to enjoy some competitive advantage over its competitors.

3.2 Population

The population for this research was the staff of National Furniture Works in the Ledzekuku Krowor Municipality within the Greater Accra Region. Table 1 shows the employees and the departmental breakdown of the study organisation.

Table 1: Employees and departmental breakdown at the Natural Furniture Works

Employees	No
General Manager	1
Production Managers	4
Marketing Manager	1
Finance Manager	1
Purchasing Officer	1
Factory Workers	46
Sales Officers	3
Accounts Clerk	3
Clerk	1
TOTAL	61

Source: Natural Furniture Works, 2012

The Natural Furniture Works has five (5) departments. The breakdown of the departments is as follows: General Administration (2), Production (50), Marketing (4), Finance (4) and Purchasing (1). The total staff strength is sixty-one (61).

KNUST

3.3 Sample and sampling procedures/techniques

A sample is a subset of the population in question and consists of a selection of members from the particular population (Sekaran, 2000). Sampling involves a selection of a proportion of the total number of units of interest for the ultimate reason of being able to draw general conclusions about the total number of units (Parasuraman, 1986). The list of employees at the Natural Furniture Works in the Ledzekuku Krowor Municipality within the Greater Accra Region made up of sixty-one (61) employees constituted the sampling frame and all the employees were accessible.

For the choice of an appropriate sample size in practice, a compromise is usually necessary between what is desirable and what is possible in terms of selection, size and the use of the sample (Kirk, 1995). Two-thirds of the population totalling forty (40) was therefore selected

using the lottery method of simple random sampling. The outfits in the firm were listed and an equal number of respondents were selected from each of them as a way of ensuring a proportional representation in the sample.

The breakdown of the respondents from the Natural Furniture Works is presented in Table 2.

Table 2: Respondents in the sample from the Natural Furniture Works

Department	Total	Number selected	Males	Females
General Administration	2	1	1	0
Production	50	32	31	1
Marketing	4	3	2	1
Finance	4	3	3	0
Purchasing	1	1	1	0
TOTAL	61	40	38	2

Source: Natural Furniture Works, 2012

As indicated in Table 2, forty (40) employees were selected for the study. This is made up of thirty-eight (38) males and two (2) females.

3.4 **Data collection tools/procedures**

Questionnaire administration was employed to gather data for the study. The questions were both open-ended and closed-ended and they were structured in a way as to reflect the major objectives of the study. The questionnaires had two sections; the first section was on the bio-data of respondents and the second session focused on the research objectives.

Pre-testing was carried out to test the validity and reliability of the questionnaires designed for data collection. The pre-testing was done using the staff of the Carpentry and Joinery outfit of the St. Paul's Technical Institute in Kukurantumi as the researcher was on an official assignment in that town. The responses received were consistently close to or same as those anticipated. The questionnaires were therefore considered valid and reliable for data collection and the pre-test samples were also included in the final samples.

To facilitate the data collection, a letter of introduction was obtained from the Institute of Distance Learning, Kwame Nkrumah University of Science and Technology and visits were made to the premises of the Natural Furniture Works at the Ledzokuku Krowor Municipality in the Greater Accra Region. A date was scheduled and a suitable time agreed upon for explaining the essence of the research to respondents. In the process, respondents were assured about the confidentiality of the exercise. The researcher personally administered the questionnaires to the various respondents after the necessary rapport with them had been established. An appointment was booked with all respondents as to when to come back to collect the completed questionnaires. The first five working days of April 2012 were used to collect the entire data.

The researcher examined some documents on the operations of the Natural Furniture Works. The documents perused included annual reports and newsletters and these were carefully examined in order to identify issues based on the research objectives.

All the respondents co-operated in responding to the questionnaires and submitted them on time.

KNUST

3.5 Data analysis/presentation process

The data from the respondents were sorted out and edited in line with the research questions for which the instruments were designed. Variable numbers were allocated to each question and its components in the questionnaire so that responses could be grouped into a limited number of categories for efficient analysis of the questions. Descriptive statistics in the form of frequencies and percentages together with pictorial representation in the form of graphs and pie charts were then used in presenting the data.

CHAPTER FOUR

RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents in part, the analysis and discussion of the data collected from respondents on establishing and growing SMEs with particular reference to the Natural Furniture Works in the Ledzokuku Krowor Municipality within the Greater Accra Region. The analysis and discussion of the results centered on the research objectives.

4.2 Bio-data of respondents

An examination of the bio-data of respondents revealed the following details relating to their gender and age.

Table 3: Distribution of respondents by gender

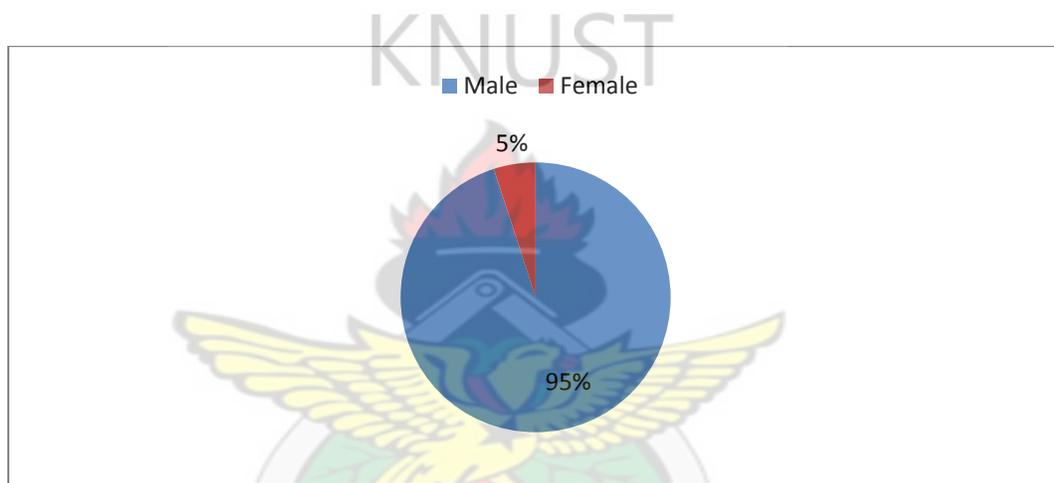
Gender	Number of respondents	Percentage (%)
Male	38	95.0
Female	2	5.0
Total	40	100.0

Source: Field survey, 2012

All the questionnaires sent out were retrieved from the respondents and the breakdown of the respondents by sex is shown in Table 4. It indicates that of the total number of respondents, male employees were 95.0% as against 5.0% of female employees.

The above information is presented in the form of a pie chart below.

Fig.2: A pie chart showing the gender profile of respondents



Source: Field survey, 2012

From the pie chart in figure 2, there is an indication that males were in the majority of the population studied and females were in the minority. Gender distribution was considered as an important demographic indicator for the study. According to Delmar et al. (2003), information on the number of staff in the area of gender, helps management to ascertain the type of employees a firm may require in future and prepare towards their recruitment.

Respondents were asked to indicate their ages as at their last birthday. The ages obtained ranged from 20 to 46 years and above and the details are presented in Table 4.

Table 4: Age distribution of respondents

Age (Years)	Number of respondents	Percentage (%)
20 – 30	4	10
31 – 40	16	40
41 – 45	17	47.5
46 years and above	3	7.5
Total	40	100

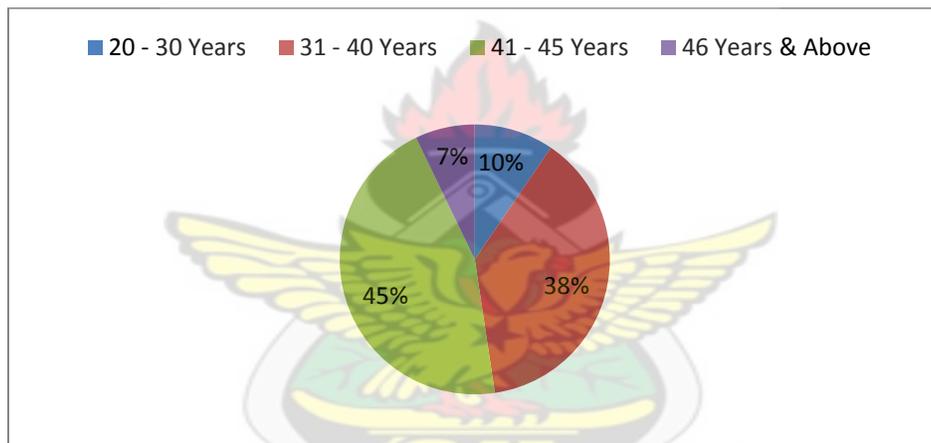
Source: Field survey, 2012

Table 4 shows the age distribution of respondents from the employees of Natural Furniture Works. An examination of the age distribution shows that 4 of the respondents, representing 10% are between the ages of 20 – 30 years, 16 of the respondents, representing 40% are between the ages of 31 – 40 years, 17 of the respondents, representing 47.5% are between the ages of 41 – 45 years and 3 respondents, representing 7.5% are 46 years and above. This is an indication that the employees of Natural Furniture Works are young and

very youthful. It is also in agreement with the findings by Price (2006) who maintained that there are two natural age peaks correlated to entrepreneurs in SMEs and these are the late twenties and mid-forties. Where an organisation has youthful employees, it may not go through recruitment and selection frequently.

The above information is also presented in fig. 3 below.

Fig.2: A pie chart showing the gender profile of respondents



Source: Field survey, 2012

Information on the educational background of the respondents was also asked for. The responses obtained have been presented in Table 5. From Table 5, it is observed that the educational attainments of the employees of the Natural Furniture

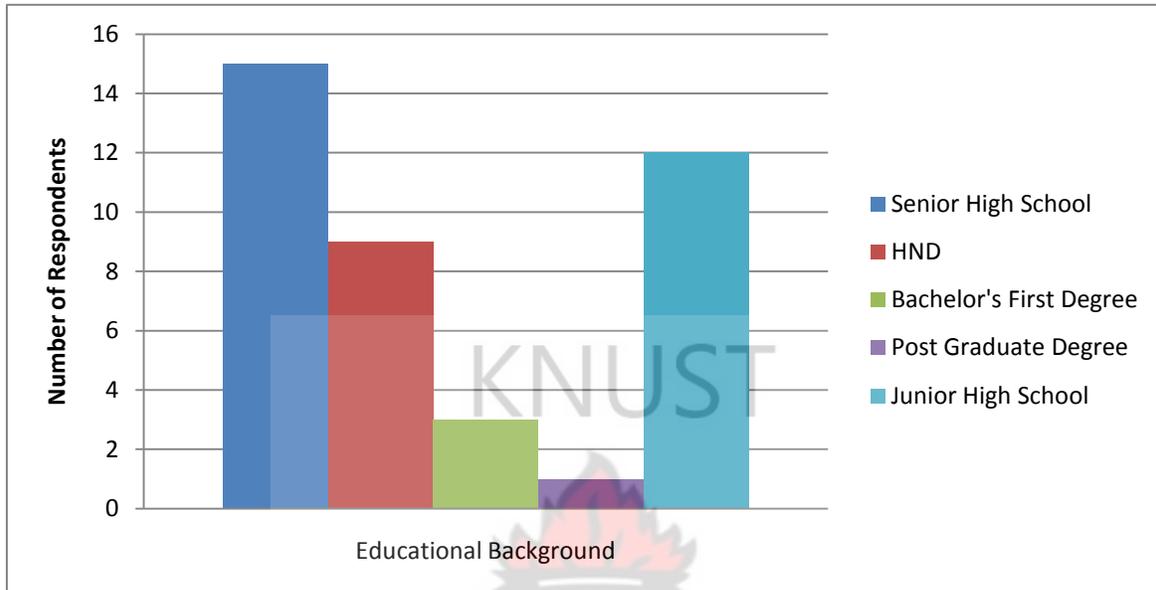
Table 5: Educational background of respondents

Educational background	Number of respondents	Percentage (%)
Postgraduate Degree	1	2.5
Graduate Degree	3	7.5
Higher National Diploma	9	22.5
Senior High School	15	37.5
Junior High School	12	30.0
Total	40	100.0

Source: Field survey, 2012

Works ranged from junior high school through to postgraduate level qualification. The above table is also presented in the form of a pie chart as follows.

Fig. 4: A bar chart showing the educational background of respondents



Source: Field survey, 2012

From Table 5 and fig. 4, out of the 40 respondents, 1 representing 2.5% had a post graduate degree; 3 of the respondents, representing 7.5% had first degrees; 9 of the respondents, representing 22.5% had Higher National Diploma (HND), 15 of the respondents, representing 37.5% had senior high school certificate as their qualification and 12 respondents, representing 30.0% had junior high school certificate as their qualification.

The study therefore had majority of the respondents having senior high school certificate qualification while minority of the respondents had a postgraduate degree.

The study also sought to ascertain the number of years that the respondents have spent as employees of the Natural Furniture Works and their responses are depicted in Table 6 and figure 5.

Table 6: Number of years respondents have spent with the Natural Furniture Works

Years of service	Number of respondents	Percentage (%)
Less than 5 months	5	12.5
6 to 12 months	9	22.5
1 year to 2 years	23	57.5
More than 2 years	3	7.5
Total	40	100.0

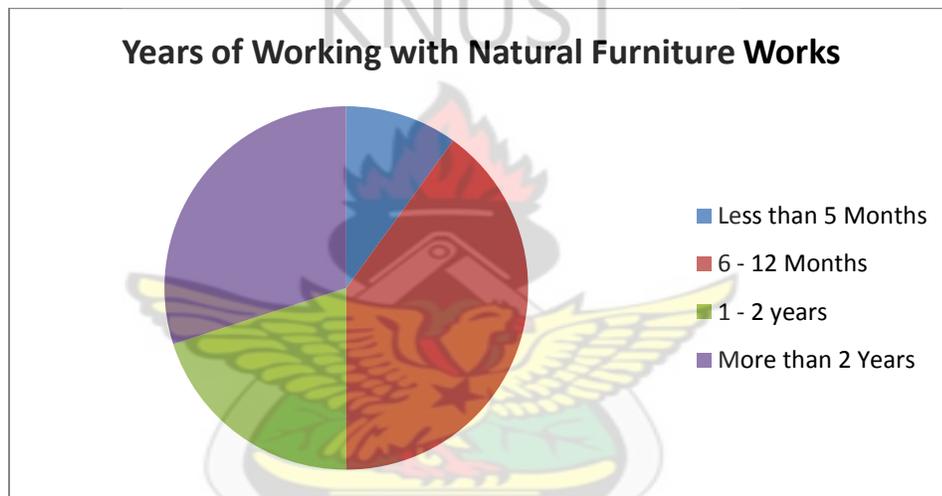
Source: Field survey, 2012

As shown in the bar chart in Table 6, 5 of the respondents, representing 12.5% have worked with the Natural Furniture Works for less than 5 months, 9 of the respondents, representing 22.5% have worked with Natural Furniture Works between 6 – 12 months, 23 of the respondents, representing 57.5% have worked with Natural Furniture Works between 1 to 2

years and 3 of the respondents, representing 7.5% have worked with Natural Furniture Works for more than 2 years. This indicates that majority of the respondents have worked with Natural Furniture Works for between 1 to 2 years while minority of the respondents have worked with Natural Furniture Works for less than 2 years.

The above details are also shown in the pie chart in figure 5.

Fig. 5: A pie chart showing the number of year employees have worked with the firm



Source: Field survey, 2012

Both Table 6 and the pie chart in figure 5 indicate that majority of the respondents have worked with Natural Furniture Works for between 6 to 12 months while minority of the respondents have worked with Natural Furniture Works for less than 5 months.

4.3 Challenges facing the Natural Furniture Works as an SME

The respondents were asked if the firm faces any major challenges in its operations as a small and medium scale enterprise (SME) and the responses obtained indicated that all the 40 respondents representing 100.0% were of the view that the firm faces very major challenges in its attempt to be efficient in its operations.

In response to a further question on what some of these difficulties are, certain responses were obtained and these have been presented in Table 7 below:

Table 7: Challenges faced by the Natural Furniture Works

Challenges	Number of respondents	Percentage (%)
High cost of credit	0	0.0
Limited access to funds	4	10.0
Inadequate infrastructure	0	0.0
Limited management and entrepreneurial skills	0	0.0
Limited access to markets	2	5.0
Inadequate support from government	3	7.5
All of the above	31	77.5
Total	40	100.0

Source: Field survey, 2012

As evident in Table 7, of the responses obtained, 4 respondents representing 10.0% mentioned that the greatest challenge that the firm faces is lack of access to funds. Another 2 respondents or 5.0% indicated that the biggest problem is that of limited access to markets whereas 3 respondents or 7.5% stated the lack of support from government happens to be a major problem that SMEs in general and for that matter the Natural Furniture Works faces. 31 responses representing 77.5% mentioned that all the factors mentioned above contributed in inhibiting the operations of the firm. The fact that a lot of challenges are faced by SMEs confirms the view of Nyoni (2002) who intimated that SMEs attempt to operate as efficiently as possible even amidst a myriad of constraints that they are exposed to.

In response to the question on whether certain external factors specifically influence the operations of the firm, all the 40 respondents totalling 100.0% responded in the affirmative and also indicated that government tax levels and competition from imports were the major observable challenges they face.

They study also sought to ascertain how the firm finances its operations. The responses obtained are presented in Table 8.

Table 8: Sources of finance available to the Natural Furniture Works

Source	Number of respondents	Percentage (%)
Personal savings	0	0.0
Bank loans	23	57.5
Family sources	17	42.5
Friends	0	0.0
Others	0	0.0
Total	40	100.0

Source: Field survey, 2012

As evident in Table 8, 23 of the respondents representing 57.5% mentioned that the firm finances its operations by using bank loans whereas 17 respondents or 42.5% mentioned that the firm relies on family sources for capital for its operations. Most of the other known sources as listed in the table are not used by the firm. The fact that the firm appears to obtain very limited support from banks and funding from family sources which is usually not adequate is a major financial challenge for it.

4.4 Efforts to solve some of the challenges of the firm

To ascertain efforts that are being made by the firm to overcome some of the challenges it faces, respondents were asked to select from a list that was provided. Their responses are captured in Table 9.

Table 9: Efforts to solve some of the challenges of the firm

Effort	Number of respondents	Percentage (%)
Appeals to foreign bodies and organisations for support	19	47.5
Requests for government support, subsidies and tax exemptions.	18	45.0
Negotiated bank credit	3	7.5
Total	40	100.0

Source: Field survey, 2012

From Table 9, it is noted that some effort are made to overcome some of the financial challenges that the firm faces. 19 respondents representing 47.5% indicated that the firm makes appeals to NGOs and other international bodies and organisations for financial assistance to support their operations. Another 18 of the respondents representing 45.0% stated that requests are made to the government for various forms of financial assistance. Again, 3 of the respondents representing 7.5% stated that some efforts are made to enter into flexible credit arrangements with banks to ensure that the firm has adequate funds to sustain its operations.

To gain a further insight into how various international and local organisations were supporting the Natural Furniture Company, respondents were asked about the various institutions and how supporting they were supporting the firm in Ghana. EMPRETEC and ILO were particularly mentioned. EMPRETEC is primarily involved in the training of SMEs. It has trained various SME owners and employees in managerial aspects such as human resources management, financial management and marketing management. ILO has also been involved in the training of SME entrepreneurs through hands-on, skills-based training programmes. In all these programmes, the Management of the Natural Furniture Company has been a beneficiary.

The respondents were also required to state the managerial roles and characteristics that contribute to an enhanced performance of the firm. All the 40 respondents or 100.0% indicated that a pool of skilled personnel, financial management skills, planning skills, customer care ability, market knowledge and good human resource management practices were the required characteristics and roles that could enhance the firm's performance. The above corroborates Schlogl's (2004) view when he suggested that good customer care, marketing knowledge and skills, planning skills and financial management skills are the most essential management functions that affect the performance of SMEs.

Views on the human resource of the firm

To obtain and analyse responses on the role of a skilled human resource at the firm, respondents were asked to indicate the extent to which the absence of a skilled human resource may affect the National Furniture Works as an SME. The responses obtained from the respondents are presented in Table 10.

10. The role of a skilled human resource for the firm

Response	Number of respondents	Percentage (%)
Very large extent	19	47.5
A large extent	21	52.5
Some extent	0	0.0
To no extent	0	0.0
Total	40	100.0

Source: Field survey, 2012

As evident in Table 10, 19 respondents representing 47.5% indicated that to a very large extent absence of a skilled human resource may affect the firm. 21 respondents representing 52.5% also indicated that to a large extent, such absence has the potential to affect the firm. The position of the respondents is in line with the view of Bandura (1986) who stated that every nation and every organisation requires resources of land, capital, time, raw materials, technology and human

resource to achieve growth and development but the most important of all these resources is the human resource.

When the question was asked if efforts are made to employ and retain skilled staff, provide them with in-service training and motivate them to remain in employment for a long time, all the 40 respondents representing 100.0% mentioned that just a little effort is made in that direction.

4.5 Views on financial management

On the issue of financial management, responses were asked to indicate whether there was a problem in raising funds or the issue was that of mismanagement of funds. All the 40 respondents representing 100.0% mentioned factors did not suggest mismanagement of funds but rather one of an inability to raise adequate funds and other economic barriers. Some of the factors mentioned include the cost of credit, the failure of some banks to extend credit to SMEs, high lending rates, absence of equity finance and so on. Apart from the issue of capital, other notable variables that affect SMEs in general with respect to their operations are exchange rate, inflation and high interest rate.

CHAPTER FIVE

RESULTS AND DISCUSSION

5.1 Introduction

This chapter presents a summary of the study. It covers the major findings, conclusions arrived at and the recommendations made. The research was undertaken to examine issues of establishing and growing SMEs in Ghana with the Natural Furniture Works in the Ledzokuku Krowor Municipality in the Greater Accra Region as a case study. The descriptive survey was used in the study. The list of employees at the firm totaling sixty-one (61) constituted the sampling frame and all of them were accessible. The lottery method of simple random sampling was used to select a sample of forty (40) for the study.

5.2 Summary of findings

As stated above, the study dealt with four specific objectives. With respect to the first objective which focused on the challenges of the Natural Furniture Works as an SME, the key findings are:

The Natural Furniture Works faces major challenges that hinder its ability to grow as an SME. The 40 respondents representing 100.0% indicated that the major problems of the firm, like most other SMEs, were limited access to funds, inadequate markets or lack of access to

the markets, inadequate governmental support, high cost of credit, lack of infrastructural development to provide support and limited managerial and entrepreneurial skills. Additional challenges that the study revealed were external factors such as competition from imports and high taxation.

The second objective addressed efforts to solve the problems that the firm faces as an SME.

With respect to this objective, the study revealed the following:

Efforts are made by management of the firm through appeals to foreign agencies and local organisations for financial aid and training assistance.

The study also brought to light that the firm solicits for governmental support through requests for subsidies and tax exemptions. The firm also requests for some arrangements with banks for flexible credit terms. To further forestall some of the challenges noted, firms such as EMPRETEC, Ghana and the International Labour Organisation (ILO) periodically provides some form of training to shape the skills level of employees and the firm's employees take advantage of such training programmes.

The third objective dwelt on how the presence of a good human resource base in the firm can influence its operations.

The study revealed that the absence of a skilled human resource has a negative effect on the firm's work to a very large extent as the human resource in an organisation is its most vital asset or resource.

The study also revealed that little effort is made to motivate staff, provide in-service training or to undertake any activity that is visible to retain skilled staff.

The fourth objective examined views on financial management. The study revealed that there were no clear cases of mismanagement of funds at the Natural Furniture Works. What was noted is an inability of the firm to raise enough funds coupled with other economic variables that limited how much of funds was available to be managed.

5.3 Conclusions

The findings of the study above suggest that SMEs generally have challenges especially when it comes to establishing and growing them. The study has indicated that financial problems, unskilled staff, lack of government support, inadequate access to markets are a few but very pronounced issues they have to grapple with and the Natural Furniture Works is not an exception. It is hoped that when some of these issues are addressed, the Natural Furniture Works will move on to a more appreciable level of performance as an SME.

Also there are some opportunity windows which discerning Ghanaian SME promoters can leverage on and take advantage of to grow. The liberalization of trade through World Trade Organisation [WTO] agreement has provided awareness through which SMEs could access international market. Another opportunity is the African Growth Act [AGOA], which favours export from African countries to the United State of America Currently many SMEs in Ghana are yet to tap into this opportunity and Natural Furniture Works can take advantage of this window opportunity to improve on its performance.

5.4 Recommendations

Based on the findings of the study and the conclusions drawn from it, the following recommendations are made.

The management of the Natural Furniture Works should work towards improving access to loans and other forms of funds required to assist in expanding its operations.

The firm should also aim at influencing governmental stakeholders for a greater governmental support and increased tax exemptions.

Management should further focus more on the performance of human resource management activities that would ensure that qualified staff with the requisite skills are attracted to the firm, trained and motivated adequately as an attempt to ensure they stay at the firm throughout their working life.

It also behooves the government to create an enabling environment that is appreciably

Devoid of corruption and bureaucracy and at the same time motivating and entrepreneurially friendly, in order to create a conducive environment in which SMEs can thrive and blossom

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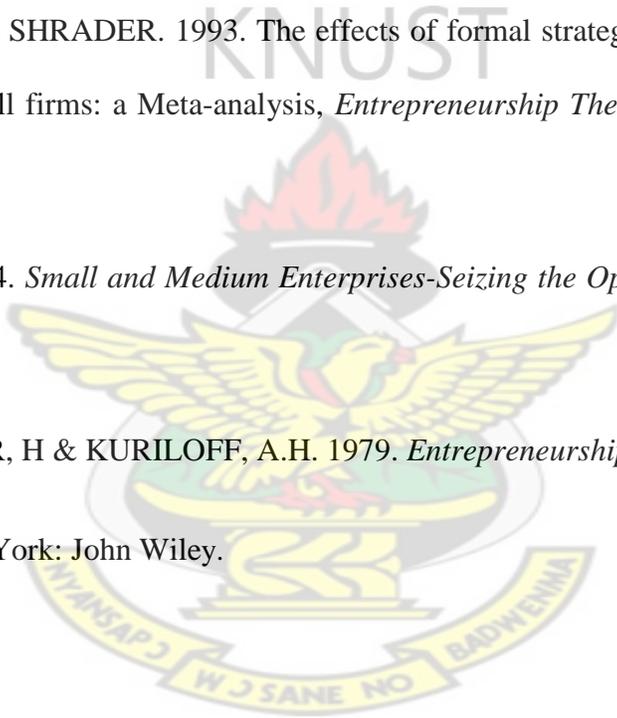
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ABBREVIATIONS

SMEs: Small and Medium Scale Enterprises

GDP: Gross Domestic Product.

GSS: Ghana Statistical Service.

NBSSI: National Board for Small Scale Industries.

IFC: International Finance Corporation.

ADRA: Adverts Relief Agency.

PNDC: Provisional National Defence Council.

CSR: Corporate Social Responsibility.

CPI: Corrupt Perception Index.

MASLOC: Micro Finance and small Loans Centre.

HND: Higher National Diploma.

EDP: Entrepreneurial Development Programme

APPENDIX

COMMONWEALTH EXECUTIVE MASTER IN BUSINESS ADMINISTRATION
(CEMBA). KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY
(KNUST). INSTITUTE OF DISTANCE LEARNING.

RESEARCH QUESTIONNAIRE.

KNUST

This research instrument is designed to study the establishing and growing of SMEs in the Ledzekuku Krowor Municipality, using natural Furniture works as a case study. This is a study for an academic purpose only and as such confidentiality of respondents is assured.

INSTRUCTION: Please fill the spaces provided. Mark (✓) where applicable and specify where necessary.



10. How many people are employed by your company?

(a).....

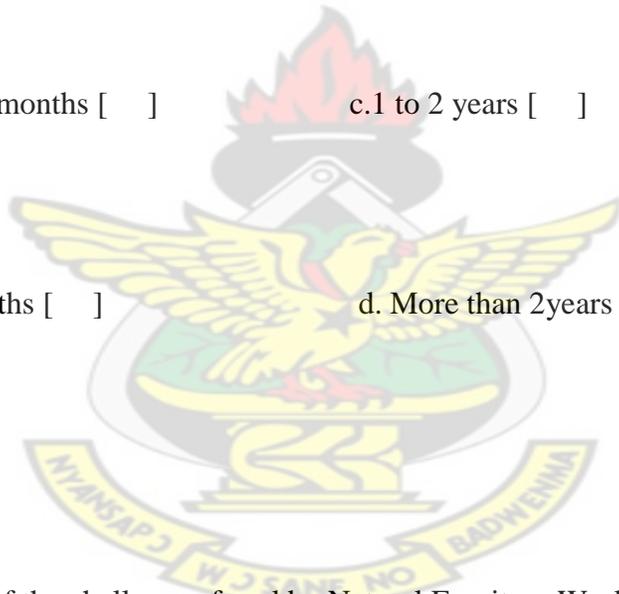
11. How long have you worked with Natural Furniture Works?

a. Less than 6 months []

c. 1 to 2 years []

b. 6 to 12 months []

d. More than 2 years []



12. What are some of the challenges faced by Natural Furniture Works?

High cost of credit []

Limited access to funds []

Inadequate infrastructure []

Limited management and Entrepreneurial Skills. []

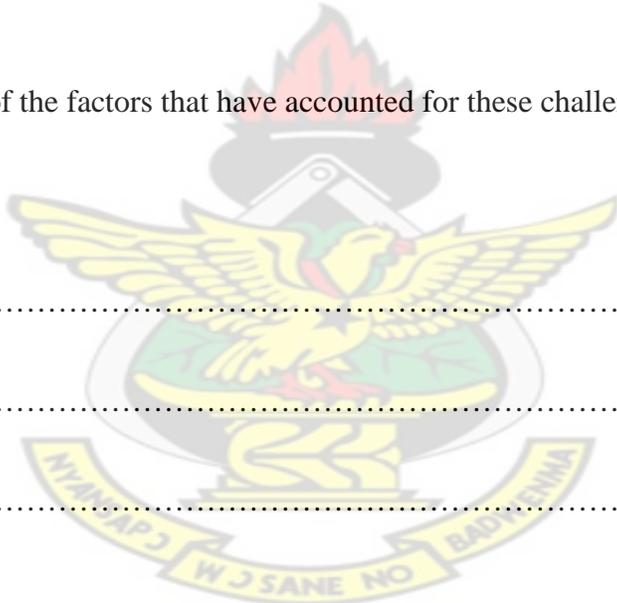
Limited access to market. []

Inadequate support from Government []

All the above. []

KNUST

13. What are some of the factors that have accounted for these challenges ?



14. What effort has been made to solve some of these problems?

a. Appeals to foreign bodies and organisation for support []

b. Request for Government support subsidies and tax exemptions []

c. Negotiated bank Credit []

15. Does a pool of skill human resource enhance the activities of your organisation?

a. Very large extent. []

b. Large extent. []

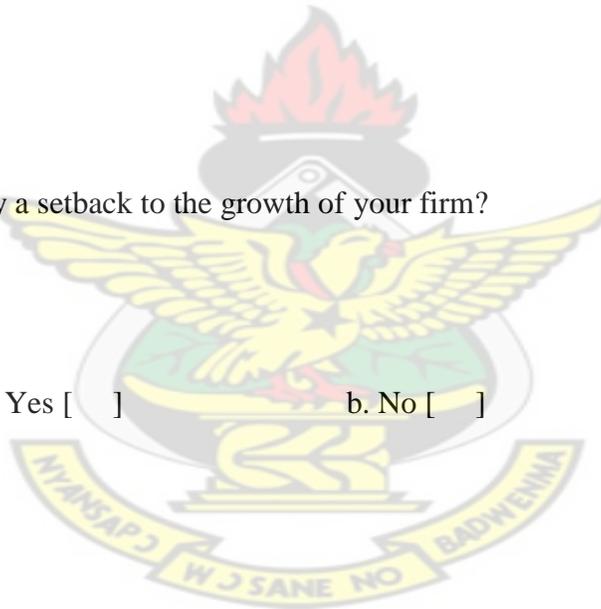
c. Some extent. []

d. To no extent. []

KNUST

16. Is financing really a setback to the growth of your firm?

a. Yes [] b. No []



17. How have you been financing the operations?

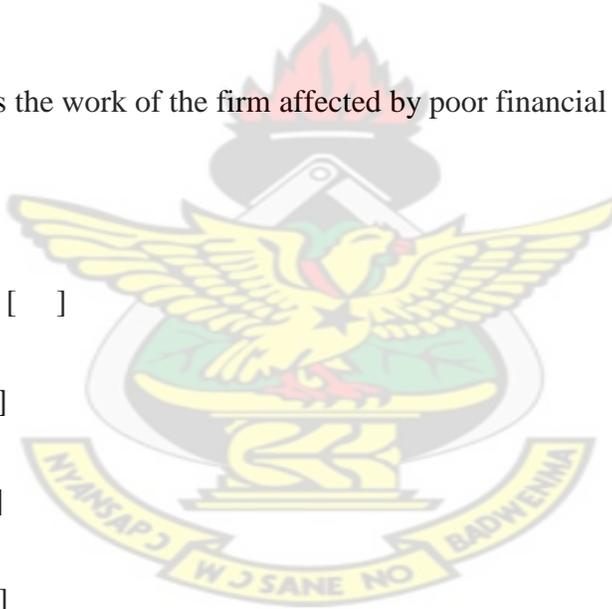
a. Personal funds/ savings []

- b. Bank loans []
- c. Family funds. []
- d. Support from friends and family. []
- e. Other. []

KNUST

18. To what extent is the work of the firm affected by poor financial management?

- a. Very large extent. []
- b. Large extent. []
- c. Some extent. []
- d. To no extent. []



19. Has your firm ever applied to borrow from the bank?

- a. Yes []
- b. No []

20. If not, why?

(a) Interest Rate too high?

(b) No collateral to pledge?

(c) Others.....

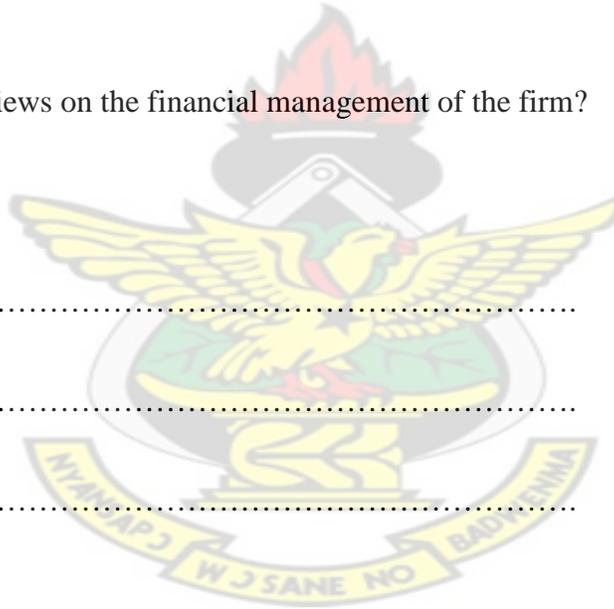
KNUST

21. What are your views on the financial management of the firm?

.....

.....

.....



22. How many people are employed by your company?

(a).....

23. Has your organisation been organising refresher courses or training programme for employees?

a. Yes []

b. No []

24. Please provide any suggestion on what you think can be done to improve the lot of SMEs.

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Thank you very much for filling out this questionnaire, your help is appreciated

KNUST

