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THE INFLUENCE OF SMALL AND MEDIUM ENTERPRISES ON THE SOCIO-ECONOMIC DEVELOPMENT OF ENTREPRENEURS IN THE TAMALE METROPOLIS

BY

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(UDS/MDE/0011/18)

THIS THESIS IS SUBMITTED TO THE UNIVERSITY FOR DEVELOPMENT STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE AWARD OF MASTER OF PHILOSOPHY DEGREE IN DEVELOPMENT EDUCATION

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DECLARATION

I hereby declare that this thesis is my own work towards the award of Master of Philosophy degree in Development Education under the Faculty of Education, University for Development Studies. The thesis contains no material previously published by any other person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text. I hereby declare that this thesis is entirely my own work and all references used in this work have been fully acknowledged. I bear sole responsibility for any shortcomings.

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DEDICATION

My special dedication goes to the Almighty God for giving me the strength and ability to complete this tedious task. I again dedicated this work to my beloved parents, my supervisor (Dr. Maxwell K. Nyatsiko) my wife (Mrs. Akonsi Asia), and my lovely son (Abass S. Bilal).

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My greatest appreciation goes to the Authority of University for Development Studies, Tamale Campus particularly the Faculty of Education, who offered me admission to undertake my MPhil studies up to this level.

Finally, I wish to emphatically state that I am solely accountable for any flaws that this work may contain. I therefore, pray to you all for long life and prosperity.

Thank you.

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ABSTRACT

The meaning of SMEs are differently explained from one country to another. This implies that, SMEs has no single or unique definition (Ackah & Vuvor, 2011). However, the meaning/definition of SMEs are grounded on three major condition, these are; the nature (size) of business, the number of people engaged in the day to day administration of the business and the capital used in the operation of the business set up. In the context of Ghana, SME can be explain as a business setup or firm that has less than 10 workers and has plant and machinery (land, buildings, and vehicles included), not exceeding GH¢10 million in value (NBSSI nd.). This study used quantitative method of data collection and analysis. The quantitative approach is usually employed to test theories and involves an inferential method of theory and research (Depieri, 2015). This research is non-experimental research and a case study was used as the research design. The research setting was in the Tamale Metropolis in the Northern Region of Ghana and SMEs operators were the target population. The study used a questionnaire as the main tool for data collection. It has a sample size of 86 respondents to the research questions. The researcher used stratified and simple random sampling techniques in determining the sample size. Data were analysed using simple percentages and frequencies and Statistical Product for Service Solution (SPSS) version 23.0. One important findings of the study was that, the level of education of respondents has a positive relationship with business registration and management in the Metropolis. The study recommended the reduction of taxes and interest rates from banks and other financial institutions. The study concludes among other things that SMEs in the Metropolis are dominated by females and the youth of which majority of them are less or non-educated which has led to many of them not keeping business records in other to access their growth performance.

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LIST OF ABBREVIATIONS

ABFA	-	Annual Budget Funding Amount
AFAP	-	African Fertilizer and Agribusiness Partnership
ACET	-	African Center for Economic Transformation
AGI	-	Association of Ghana Industries
ASSI	-	Association of Small Scale Industries
BTS	-	Business Tracker Survey
CAI	-	Compact with Africa Initiative
CGS	-	Credit Guarantee Schemes
CSR	-	Corporate Social Responsibility
DRM	-	Domestic Revenue Mobilization
ERP	-	Economic Recovery Programme
EU	-	European Union
EGF	-	Empretec Ghana Foundation
FDI	-	Foreign Direct Investment
GCR	-	Global Competitiveness Report
GDP	-	Gross Domestic Product
GEDC	-	Ghana Enterprise Development Commission
GEPC	-	Ghana Export Promotion Council

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GIPC	-	Ghana Investment Promotion Centre
GLSS	-	Ghana Living Standard Survey
GNP	-	Gross National Product
GPRS	-	Growth and Poverty Reduction Strategy
GSS	-	Ghana Statistical Service
IBES	-	Integrated Business Establishment Survey
ICT	-	Information Communication Technology
ILO	-	International Labour Organization
IMF	-	International Monitory Fund
LEAP	-	Livelihood Empowerment Against Poverty
MASLOC	-	Micro-finance and Small Loan Centre
MMDAs	-	Metropolitan, Municipal and District Assemblies
MoTI	-	Ministry of Trade and Industries
NABCO	-	National Builders Corps
NBSSI	-	National Board for Small Scale Industries
NDA	-	Northern Development Authority
NGO	-	Non-Governmental Organizations
NIC	-	National Industrial Census

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OECD	-	Organization for Economic Co-operation and Development
PAF	-	Poverty Alleviation Fund
PEF	-	Private Enterprises Foundation
PHC	-	Population and Housing Census
PAMSCAD	-	Program of Action to Mitigate the Social Cost of Adjustment
RGD	-	Registrar's General Department
SDGs	-	Sustainable Development Goals
SMEs	-	Small and Medium Enterprises
SPSS	-	Statistical Product and Service Solution
SSA	-	Sub-Saharan Africa
SSNIT	-	Social Security and National Insurance Trust
TMA	-	Tamale Metropolitan Assembly
TWE	-	Third World Economists
UK	-	United Kingdom
UNDP	-	United Nations Development Programme
UNU-WIDER	-	United Nations University's World Institute for Development Economic Research
USA	-	United State of America
USAID	-	United State Agency for International Development MBS

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WEF	-	World Economic Forum
WHO	-	World Health Organization
UNECA	-	The United Nations Economic Commission for Africa

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Universally, Small and Medium Scale Enterprises (hereafter SMEs) are tools for investing into populace, promoting progression in our economy as well as enhancing development (Aranof, 2010). The SMEs are setups handled and owned by individuals called entrepreneurs. Businesspersons stand as trendsetters who relied on new and already existing ideas to promote business development. They produce efficient goods and services for the people (Buame, 2012). Entrepreneurs are generally seen as persons willing and able to establish and manage a business setup (Ibrahim, 2014). According to the United Nations University's World Institute for Development Economic Research ([UNU-WIDER], 2017) every country in the world is adopting a root to prioritizing entrepreneurship as a major means of achieving their socio-economic improvement and improving the standard of living of the people. Ibrahim (2014) stated that the influence of SMEs on economic development can never be underscored even in advanced nations such as the United States of America (USA) and the United Kingdom (UK) where huge industries exist.

Small and medium enterprises in African states and across the ecosphere are recommended for its role in the equitable distribution of resources and promoting development in the countries (Aranof, 2010). The SME sector has successfully assisted in promoting the standard of living of the people, serving as a major source of employment, and above all helps in poverty reduction within the rural-urban areas in Africa (Seth & Alfred, 2018). In other parts of Africa especially Sub-Saharan Africa, the SME sector is seen as a

magnificent weapon for achieving their national and international policies towards development (Musah, Daniel & Joseph, 2015). For instance, SMEs in South Africa accounted for about 84% in employment creation and 46% in the general economic activities of the country (ibid). It was acknowledged that all developing nations can realize the fortunes of development when they see SMEs as a tool for positive change (Adjei, 2012).

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According to Akanganngang (2016) there are two major categories of SMEs in Ghana, these are rural and/or urban enterprises. The local/rural entrepreneurs include poultry farms, personal artisans, seamstress and weavers, textile and leather works, small processing groups (shear butter), and many others. However, city or urban entrepreneurs consist of a team of professional Leasing Agents, Property Managers, and Real Estate Agents who are motivated to create a network outside their operational area and country. According to the Integrate Business Establishment Survey ([IBES II], 2017) Ghana as a country has about 90% of its total registered businesses being SMEs. This presupposes that the country has depended largely on the vital roles of SMEs in boosting the economy and the general living standard of the people. The private sector in Ghana is highly narrowed with about 85% of individual establishments not being able to employ up to 20 persons. According to Kipnis (2010) the private or informal sector is the driving force of every economy. More than 50% of the operators within this sector are female. Undoubtedly, Kipnis (2010) study contends that women are the majority group in the private business sector with enormous effort to advance the social, culture and educational lives of the people. However, men who are involved in the private business sector are seen to be performing better than their female counterparts. Many people in Ghana with low or no

formal education depend on SMEs as a means for income generation. According to Musah et al. (2015) nations with a high standard of living and improved financial progress and change in the past decades show clearly that SMEs have played a central role in their success.

According to the Ghana Growth and Poverty Reduction Strategy II ([GPRS II], 2013) government's major tool for reducing unemployment and boosting production was to create a conducive and attractive environment for the informal sector to function. The informal sector is aimed at boosting the economic growth and development of the country. According to the GPRS II (2013) small business establishments that are into manufacturing have employed about 85% of the people. It is a significant contributor to the general export earnings from the non-traditional exports sector and creates jobs at relatively low capital cost.

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1.2 Motivation for the study

There is a growing determination of the significant roles small businesses play in the economic dispensation of Ghana and the Northern Region in particular. This study is an interesting area to research because of the significant roles SMEs play in Ghana, the Northern Region, the rural communities and the researcher's personal experience of the roles SMEs play both from the home and community in which the researcher lives. The influence of SMEs on the living standard of people and economic development as a whole made the researcher curious and developed an interest in reading and reflecting on any material that is related to the issues of SMEs' influence on economic development in Ghana (GPRS II, 2013). The researcher has always been interested in finding out a better solution to determining the causes of poverty and how all stakeholders can help to reduce it if not

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completely eradicated in the Metropolis. In searching for reliable information the researcher laid hands on the report presented by the Ghana Statistical Service (GSS, 2013) who conducted the Ghana Living Standard Survey 7 (GLSS7).

Ghana Living Standard Survey 7 (GLSS7) is an instrument used in measuring different aspects of the lives of people. The instrument tries to look at the culture, health, standard of education, poverty level, employment availability, and the general household expenditure of food and non-food items in the country. According to the GSS (2017) updated report, an estimated 61.1% of the people in the Northern region live in poverty. This clearly exposes the gravity of poverty and a low standard of living situations in Northern Ghana. However, prior studies suggested that development in the Metropolis and the Northern Region as a whole is linked to the presence and effective operations of SMEs (Musah et al., 2015).

1.3 Statement of the problem

Poverty has a high manifestation in many of the African countries. Its effects have resulted in a low level of education, high child death (mortality), low standard of living, insufficient wellbeing of people and inadequate access to good drinking water (Miles, 2011). These days, as many countries across the globe such as America, China, Australia, Taiwan and many others are experiencing sustainable and improved social and economic growth from SMEs operations. Many countries in Africa are relying heavily on borrowing and donor-dependent for their economic development (Abeh, 2017). Countries in Africa have consistently failed to project their developmental dreams toward the available natural resources for which the developed nations may lack. Many African countries lack the requisite skills and competence to harness those natural resources to finish goods (ibid).

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Many nations are blessed with natural resources which they used as a source of income to promote their economic fortune, enhance development and upgrade the living standard of their citizens (Adjei, 2012). According to the 2019 International Monetary Fund (IMF) Annual report, Sub-Saharan African countries require to generate approximately 20 million jobs annually over 20 years to mitigate the growing unemployment issue in the countries. The influence of SMEs in stimulating progress and development is emphasized in many of the communist East nations. Small and Medium Enterprises in the Central European countries also assisted in eliminating the underprivileged fiscal performance and lifting living standards standard of the people (Miles, 2011). The smooth and sustained achievement of business development for the past thirty years in the economy of the Asian countries has been attributed to proper policies and resource management (Miles, 2011). According to European Union (2017), SMEs in many African states are normally hurt from sourcing long term financial assistance from financial institutions. Other factors limiting the progress of SMEs are; inadequate bodies for promoting skills of businessmen, bad governmental policies and inappropriate attitude of the society. The European Union has however provided assistance to promote SMEs in Africa. The support has helped to reserve the flexible and innovative structures and use them as a competitive element (EuroStat, 2018).

In Ghana, SMEs are saddled with issues such as inadequate availability of finance for growth, limited science, and technological development, low demand for local goods in the foreign markets. Other factors include; unstable prices for locally produced goods and services, inappropriate rules and regulations, corruption and bad institutional practices, lack of appropriate management skills, and many more other things affecting the SME

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sector in the country (Zoltan 2006 cited in Musah et al., 2015). The inability of the small business sector to function very well has failed to move the country towards achieving a developed country's status and also increasing the high poverty level in the state. This phenomenon posed a very serious anxiety to both administrative and non-administrative organizations, citizens, and organized private sector groups. The government and other development partners have indeed acknowledged the crucial positive impact performed by SMEs in the improvement of the lives of the Ghanaian people. The current unemployment issue in the country and the Northern Region in particular highlights the critical need for game-changing intervention to promote SME sector growth in the country. Admittedly, micro-credit and micro-finance have become one of the reliable sources of redeeming the image of small business establishments. This is the reason Micro-finance and Small Loan Centre (hereafter MASLOC) was established in 2004 to support grassroots entrepreneurs through capacity building, training and credit management awareness. MASLOC is expected to make sustainable financial services available to individuals, co-operatives and other groups to help them to generate and save wealth for expansion of their enterprises (MASLOC Annual Report, 2014).

The Sustainable Development Goals (hereafter SDGs) which is sometimes called the Global Goals were proposed and accepted for implementation by all members of the United Nations in 2015 as a general sound to exploit and mitigate extreme paucity, defend the earth, and to guarantee entire members prosperity and harmony come 2030. The SDGs has 17 universal goals with an indication to integrate economic development, social and environmental sustainability (United Nation, 2015). According to the Ghana Registrar

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General Department ([RGD], 2016) SME sector is well placed to act as a tool to help Ghana achieve the agenda of SDGs by 2030.

Ghana has currently developed 'Ghana beyond Aid' agenda that needs collaborative effort from the private sector together with the public division. The Ghana beyond Aid agenda is an ambitious agenda to put Ghana above the point of over-reliance on other donor partners for survival. It is geared toward ending poverty and hunger, lifting the growth and economic development of Ghana, safeguard and protect the nation, and to bring peace and harmony into the doorsteps of every citizen without relying on foreign support (African Center for Economic Transformation [ACET], 2018). Ghana is seen in Africa as a beacon of hope for both socio-economic growth and development (Eric, 2016). A road map for agenda of Ghana beyond aid indicated that the country should boost its Domestic Revenue Mobilization (DRM) to assist others functioning on the Compact with Africa Initiative (CAI) to attain personal-dependent and eradicate the idea of relying on others for survival. According to ACET (2018) the agenda is aimed at reducing the poverty level by promoting SMEs' development, increase prospectus for growth and also adopt appropriate strategies to mitigate the level of debts in the country. In line with the perceived contributions of SMEs and their challenges, this thesis pursues to look at the extent of influence of SMEs on the socio-economic development of Ghana. Specifically, this study tries to explore the extent of SMEs influence on the socio-economic expansion of the Tamale Metropolis in the Northern region.

1.4 Aim of the study

The overall aim of the research work is intended at examining the influence of SMEs on the social and economic progress in the Tamale Metropolis of the Northern region of Ghana.

1.5 Objectives of the study

This research work was steered by the following precise research objectives.

1. To evaluate the characteristics of entrepreneurs on SMEs' performance in the Tamale Metropolis.
2. To assess the influence of SMEs on the socio-economic development of entrepreneurs in the Tamale Metropolis.
3. To discover the challenges of SMEs in the Tamale Metropolis

1.6 Research questions

The researcher has formulated these questions to guide the study.

1. What are the characteristics of entrepreneurs in the Tamale Metropolis?
2. What is the extent of influence of SMEs on the socio-economic development of the Tamale Metropolis?
3. What are the challenges associated with SME operations in the Tamale Metropolis?

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Hypothesis

1. There is no substantial association amid one’s age and the source of business capital.
2. There is no substantial correlation between level of education and the source of the business capital.

3. There is no substantial correlation between one's level of education and legal status of the business.

1.7 Significance of the study

This thesis anticipates to recognize the roles played by the SMEs in promoting socio-economic growth and development in the Tamale Metropolis in the Northern Region. Previous governments in Ghana have implemented many policies with the main aim of stimulating business growth. Most of these strategies are in the form of Credit Guarantee Schemes (CGS) to assist firms and many others. However, despite the numeral procedures and programme initiatives that were implemented earlier, the sector is still not performing as expected (Milford, 2014). According to Mawutor (2016) over 50% of new business ventures are not able to stand the test of time within the first five years after their establishments. Small and Medium Enterprises that have less than twenty (20) workers have 37% to survive for up to four year period. Those same SMEs with less than 20 workers have 9% guarantee to survive up to ten years (Kobia & Sikalieh 2010). In Ghana, for every five business setup, only two can survive within a few months of establishment. Small business setups in Ghana normally failed because their operations are bounded by serious setbacks. Those setbacks need critical assessment in other to provide suitable solution to minimize its effect on the growth of SMEs (Mawutor, 2016).

The importance of this research is intended at identifying the extent of influence of SMEs on socio-economic development and identifying key challenges militating against the success of SMEs in the Tamale Metropolis. These would help SMEs to carry out their intended role in the Metropolis and Northern region at large. The outcome of this research would assist policymakers and NGOs to adopt SMEs as the best tool for lifting the living

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standard of the people. This research work would help the major stakeholders (Government, Philanthropists, NGOs and SMEs owners/managers) to find a lasting solution to some of the problems confronting SMEs in the Tamale Metropolis in particular and Ghana at large.

This study offers a database informing decision showing the relevance derived from SMEs operations in the Tamale Metropolis. Profitable business should have access to financial assistance, training programs, and many others. This research work is a reference material to government, businessmen and other stakeholders to develop appropriate rules and operation strategies to enhance businesses in the Tamale Metropolis.

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1.8 Delimitation of the study

This study focused on SME owners/managers and agencies in the Metropolis. They include; shea butter processing, general retail trading, dress-making (seamstress), tie and dye, carpentry, hairdressing, and weaving. The choice of Tamale Metropolis is a result of the researcher living in the Metropolis and also engaged in business operations. This research also takes into consideration some of the agencies which work in partnership with the SMEs within the Tamale Metropolis in the Northern region. These include the: National Board for Small Scale Industries (NBSSI), MASLOC, Ministry of Trade and Industries (MoTI), NGOs, Association of Small Scale Industries (ASSI), Tamale Metropolitan Assembly (TMA), the Banks (financial institutions), and many other institutions.

1.9 Organization of the study

This research work is made up of chapter one to five. The first chapter is made up of the research background to the study, statement of the problem, research aim and study purpose. The chapter also stated the specific objectives, research questions, and

significance of the study. The delimitation and organization of the study were also presented in the chapter.

Chapter Two reviews prior empirical studies related to the current topic. The supporting theoretical framework is also discussed and finally the framework showing the connections of the variables of interest and their influence on SMEs.

Chapter Three deals with the methodology adopted for the study. It also contained introduction of the research, merits and demerits of the selected approach to research, research type, and design, philosophical position for the study, population of the study and sampling. Sampling methods and procedure for data gathering, instrumentation and finally, statistical techniques for data analysis. The chapter clarified sampling practices applied in the research and reasons for using those techniques.

Chapter Four focuses on the discussion of results. It stares at the preliminary investigation of information and analysis of data with respect to research questions. This chapter includes data processing, data presentation, and description. The interpretation was done alongside the research questions and objectives of the study.

Chapter Five presents the summary of the study, the conclusion is drawn and their implications of the findings.

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1.10 Conclusion

The influence of SMEs in low, middle, and high-income countries cannot be overemphasized. This chapter clearly indicated the researcher's motive that was driven by the GPRS II (2013) for undertaking this study. The chapter has pointed out the possible paradigm shift such as the eradication of extreme poverty, taking Ghana beyond aid and

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many more SMEs can bring into the current Ghanaian economic system. The chapter has indicated that SMEs have an influence on the economic development of every country.

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CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter Two reviews prior empirical studies related to the influence of SMEs on the socio-economic development of entrepreneurs in the Tamale Metropolis. The supporting theoretical framework is also discussed and finally the framework showing the connections of the variables of interest and their influence on SMEs. It consists of a review of empirical studies, a theoretical framework, and a model framework linking the various variables under focus. Further, the study examines the positive role of SMEs on the economic development. This chapter will also deliberate on the barriers associated with business operations within the Tamale Metropolis.

2.2 Empirical studies

This section of the review considers some definitional issues and characteristics of SMEs. Empirical studies are concern with a method of knowledge acquisition direct and indirect experience or observation (Goodwin, 2005 cited in Adjei, 2012). Specifically, the empirical review was constructed on specified divisional titles, these were:

i. The concepts and definitions of SMEs
ii. The concept of development, economic growth, and development
iii. Characteristics of SMEs
iv. Policies promoting SMEs in Ghana and
v. Barriers militating against the success of business development in Ghana.

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2.2.1 Meaning of Small and Medium Enterprises

The definitions of SMEs varies in nature, it has no single meaning (Ackah & Vuvor 2011). Small and Medium scale Enterprises are explain depending on criteria set for individual countries. Small businesses differs in sizes, activity, level of capital, number of people employed and revenue generation. This means that some definitions of SMEs are grounded in terms of the nature (size) of business. Some people define this concept based on the number of people engaged in the day to day administration of the business. Other also explained SMEs based on the capital injected into the business set up. When any of these criteria are applied to a business set up, it can be classified as SME (Ackah & Vuvor, 2011). The International Labour Organization ([ILO], 2015) states that SME has no universal definition applied everywhere. Most cited descriptions are based on measures such as the number of employees, balance sheet totals, or turnover. The Venture Capital Trust fund Act in Ghana, 2004 (Act 680) describes SMEs to be an enterprise with economic activity and an overall strength not more than $1 million US dollars. This definition do not include fix capital such as land and buildings. The United State Agency for International Development [USAID – (2007)] defines SME as any business setup which has less or equivalent fixed assets of US $250,000 excluding land and building. World Bank (2013) stated that the explanation of small businesses rely mostly on the level of capital requirement and the number of people employed. Many countries such as France and China consider SMEs as enterprises with 250 maximum number of people employed (World Bank, 2013). In Singapore, SMEs are defined as enterprises having at least 30% local equity. According to Kushnir (2010), SMEs can be defined by taking many factors into consideration, some of which include; the cultural background of people, the population of

the country, the size of business and educational standard of a nation. Wilson and Stokes (2010) explain the meaning of small businesses based on the 2005 business laws of the European Union (EU). Table 2.1 shows the EU definition of SMEs.

Table 4.1 EU explanation to small business

Company Type	Workers	Turnover	Balance Sheet Total
Medium size	Less than 250	Less/equal € 50m	Less/equal € 43m
Small	Less than 50	Less/equal € 10m	Less/equal € 10m
Micro	Less than 10	Less/equal € 2m	Less/equal € 2m

Source: 6th edition of Wilson SME definition, 2010

However, in the context of Ghana, SMEs are defined based on the 30 employees' engagement limit (Osei, Baah & Nii, 1992 cited in Jones & Rowley, 2011). They classified SMEs into the following categories:

i. Micro - engaging 1 to 5 persons.
ii. Very small – engaging a maximum of 9 and minimum of 6 persons.
iii. Small - engaging 10 to 29 workers.

The National Board for Small Scale Industries (hereafter NBSSI) explained small business establishments using the number of employees and the fixed asset level. The NBSSI is a mandatory body set by law (Act 434 in 1981) to regulate the activities of SMEs in the country. This body defines SMEs as firms with no more than nine (9) workers and has plant and machinery (land, buildings, and vehicles not included), not exceeding GH¢10 million in value. The Ghana Enterprise Development Commission [GEDC, (2010)], defined SMEs as a setup with a maximum capital of GH¢10 million including plant and machinery. Valuing fixed assets of an enterprise is not all that easy, the process is

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cumbersome and has its own challenges. Again, many of these definitions are outdated because of one currency depreciation as against another currency (Quartey, 2010).

The Ghana Statistical Service ([GSS], 2013) similarly defines small business setups as those with not more than 10 workers (employees), and that of medium enterprises as those employing 10 or more people. This study has taken into consideration the definitions of the NBSSI, the GEDC, and the definition of the GSS because their definitions are used by the policymakers and RGD for classifications. According to Ahmed & Rustagi (1987) cited in Musah et al., (2015), SME is part of the industrial sector which has performed tremendously well in promoting economic development all over the world. This shows that small business setups are equally important to the socio-economic development of a society.

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2.2.2 Entrepreneurship

Defining entrepreneurship is an issue of concern to scholars who have strong background in relation to business development and entrepreneurial skills. Classical economist are relevant point of reference when it comes to the definition of entrepreneurship. These group of scholars (classical economists) categorized entrepreneurs as component of the factors of production (Gedeon, 2010). Entrepreneurship can be defined a procedure of identifying voyages and adopting appropriate means to exploit those gaps (Eroglu, 2011 & Dzanku, 2015). Entrepreneurs view additional earnings as yield or the extra income gotten from the sales of goods and services (Akanganngang, 2016).

Development trials occurs in every society and most at times leading to high poverty rate. Diverse strategies are always adopted to put an end to those challenges. Establishment of small businesses are always proven relevant in attest to the difficulties that hampers the

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socio-economic progress of societies or nations. This indicates the approval of the relevance of entrepreneurship as instrument for growth (Alkire, Conconi & Roche, 2012). This issue is debatably significant as some people still hold the view that entrepreneurship is not the pillar for economic development. According to Yu (2001) cited in Nayyar (2012), countries that achievement sustainable development for a longer period of time based their development policies on promoting business establishments in their countries (Nayyar, 2012).

Many people have the perception that small business operations are significant. This practice are fundamental instruments for uprooting poverty in any form in a society. The works pertaining the influence of SMEs and entrepreneurship on poverty reduction alone can never be underscored (Oghojafor, Olayemi, Okonji & Olayiwola, 2011). Naudé (2010a) applauded entrepreneurship and the informal sector for performing credibly well in enhancing socio-economic growth and development in societies. Naude acknowledge that development and entrepreneurship has a good link as one promote the other. According to Porter, Storm & Artavia (2013), rural development and urban growth are two separate concepts. Resources are not evenly distribute to the rural and urban areas, much more is allocated to the urban areas. This however, affect the effective development progress at the rural areas. Entrepreneurship has been key to improving the lives and standard of living of people at the rural certain (ibid). Oghohojafor et al., (2011) reiterated that, countries in Sub-Saharan Africa has a solution to their developmental challenges and poverty issues, which is embarking on effective entrepreneurship. The issues raised above are in contention as whether entrepreneurship propels development or not. It is in connection with

this argument the researcher wants to discover the extent of influence of SMEs on socio-economic development in the Tamale Metropolis of the Northern region of Ghana.

2.2.3 Development

Development is seen differently from different scholars. Todaro & Smith, (2011) explain development as regular growth in per capita income. To the economist, development is the real change. Term is seen as good modification in various dimensions to promote growth rate which determines the general societal well-being of a country's population. However, economists acknowledged that the change in the growth of once economy in isolation does not essentially transform into development (ibid). According to Akanganngang (2016), development means 'good change', this shows that the change is desired by the majority of the people. Many people may explain 'good change' in diverse ways. For instance, 'good' may explain as helpful features which may be desirable and quantifiable. However, 'change' does not always mean good. Rather, change is a gradual procedure of moving from one point to another which may create disruption, representing challenges to control. Nevertheless, Seers (1969) cited in Joseph (2016) posed a contra argument to the idea of development being an economic growth. Seers (1967) interrogated a number of ways to defend the position of development of not only being just economic growth. To him, the concept and meaning of development should be thought of around the following questions;

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i. What has been happening to poverty?
ii. What has been happening to unemployment and?
iii. What has been happening to inequality?

According to Seers (1969) cited in Joseph (2016), if there is an increase in poverty, unemployment, and inequality, then development is definitely not taking place hence

cannot mean a 'good change'. When those factors are declining, then development is taking effect and can therefore be considered as 'good change'.

According to Bellu (2011), the method used by Seers' was skewed and unable to capture the many aspects and poverty dimensions. The work of Bellu (2011) indicated that, development is seen as a forward move instituting a different phase of varying condition or a method of the shift in position that is said to be multi-dimensional in nature. On the other way round, development is a constituent of many processes and events; it is a dynamic concept that represents a positive change of society from an old act to a new present way of undertaking effects (Sharpley, 2015). From this level, good transformation should be accepted and correspond in size with modernization.

However, Goulet (1992) cited in Akanganngang (2016 p.67) summarizes development as a 'good life' that clinches on about five magnitudes, these are:

1. An economic component – wealth creation and equitable access to resources.
2. A social component – improvements in health, housing, education, and employment.
3. A political dimension – the assertion of human rights, appropriate political systems.
4. A cultural dimension – protection or affirmation of cultural identity and self-esteem and
5. The full-life paradigm – preservation and strengthening of a society's symbols, beliefs, and meaning systems.

Generally, the magnitudes described above are key dimension that concentrate on the better living standard of people in a society. According to Asitik (2012), development should not be sectional, it should be a full centered and a general experience that each and every

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individual should enjoy. Asitik added that, the improved well-being of the general people in a society can be termed development. Again Porter, Stern & Artavia (2013), they explain development as the general activities in the society that promote the social life of the people.

2.2.4 Development in Africa

For generations, Africa has faced numerous social, political and economic challenges. These endemic problems range from abject poverty, violence, underutilize agriculture, infrastructure, lack of access to credit facilities, social fractionalization, poor health facilities, poor education to catastrophic civil unrest; which are linked to illiteracy, lack of proper institution and exploitation by corrupt and brutal leaders. These block African from encountering and supporting sustainable development and recovery of Africa (Daniel, 2018). When these gaps are addressed, many opportunities will open for the youth like entrepreneurship, which shall, in turn, create millions of employments and solve the problem of transitioning to the risk of unemployment (ibid).

Africa continent is endowed with immense natural and human resources as well as great cultural, ecological and economic diversity remains underdeveloped (Global Policy Forum [GPF], 2014). Most African nations suffered from military dictatorships, corruption, civil unrest and war, underdevelopment and deep poverty. The majority of the countries classified by the UN as least developed are in Africa. Numerous development strategies have failed to yield the expected results. Although some believe that the continent is doomed to perpetual poverty and economic slavery, Africa has immense potential (GPF, 2014).

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The UK Prime Minister (Cameron, 2011) has been promoting the promise of 'growth out of poverty' through pan-African free trade and entrepreneurship. Cameron argues that these instances of "fresh thinking" will be more successful than development aid and debt-relief in taking advantage of the potential for growth. In making his case for free-trade, Cameron points to the successes of South Korea - a country that he argues thrived on inter-Asian free trade - and presses for an array of national (macroeconomic) policies that support free-trade and entrepreneurship. It remains unclear, however, how Cameron's squarely neo-liberal, and thus not-so-fresh, ideas can be reconciled with South Korea's recent history of government sanctioned export subsidies and import substitution: the "unfree" policies that allowed it to attain gains from trade. What is more, if African countries would truly follow South Korea's example, their developmental trajectories would alter, but certainly not along Cameron's preferred lines. Cameron added that, trade and enterprise have the power to change people's lives. As we are seeing now on every continent, what will lift tens of millions out of poverty in the long run is the dynamic engine of economic growth. And that means African countries buying from and selling to each other, doing business with one another and the world at large.

Every society has a history behind its knowledge resources, which guides its development process. Time passage and contact with others affect knowledge systems as well as a society's development. African indigenous knowledge system are holistic in nature and centuries of tight bonds with an environment, produces a deep understanding and not snap shots of the inter-relationships among the different elements of a habitat (Charles, 2007). Doctored and non-doctored surveys show that they perform well in risk avoidance and management, ecosystem maintenance and human health (ibid). A committed fight against

poverty and underdevelopment will entail taking the fight to the poverty stricken victims without conceptually separating the indigenous livelihoods and rural life.

2.2.5 Economic growth and development

Economic growth and economic development are two different thoughts altogether. These thoughts are normally used interchangeable but there exist differences between them. Economic development has a wider magnitude than economic growth. Ackah & Vuvor (2011) explain economic development to mean the gradual progression of changing the overall economic activities through the activities of business operations (industrialization), increasing Gross National Product (GNP), and income per head. Economic growth however, deals the increase in the wealth of the economy. This phenomenon is adorable in the sense that it contributes to increasing the consumption of goods and service, increase savings and improve the knowledge and skills in the production process (Ackah & Vuvor, 2011). Economic development concerns itself with the well-being of the people and the structural growth of the society (ibid).

Mladen (2015) stated that, economic growth is capital in nature, it deals with structural adjustment and creased in material things which exclude the well-being of the people in a society. In economic perspectives, the term economic growth has measurable period usually one year. Achievement of growth is not a guarantee that development has been achieved in a society. This means that when both material and socio-economic needs are achieved in a society or economy, it can therefore be concluded that development is attained. Economic development has a wider duration than that of the economic growth. The economic development of a country is achieved when development is aimed at eliminating difficulties of individuals such as providing quality, accessible and affordable

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education, promote good health, proper national resource allocation, promote civil and political freedoms (Joseph, 2016).

2.2.6 Theoretical review on the concepts of Small and Medium Enterprises

This area of the research deliberates on assessing the prevailing academic concepts and observed issues connecting this study. The prevailing works concerning this research relented on the influence of SMEs on socio-economic progress and development of people in the Tamale Metropolis. The empirical study deals with related works of other researchers.

Historically, SMEs have been in operation for many decades. Ghana as a country has equally experienced the activities of SME for many years now. The Ghana Investment Promotion Centre ([GIPC], 2010) indicated that, SME in Ghana has so many prospectus to boost their existence and proper functioning in the society. These prospectus as identified by GIPC are; available and fertile land for agriculture, raw materials, attractive tourist areas, and many others. Many governments assured to improve the private sector to the highest level of her ability to produce and/or service delivery (GIPC, 2010). Philomina & Emmanuel (2012) investigated the challenges and possible solutions to SMEs' development in the Malaysian economy. The study revealed that SMEs were already functioning and properly supported in Malaysia by their colonial masters before they attained their independence in 1957. However, their assistances to the national economic progress are still confronted with numerous tasks such as inadequate credit facilities and minimal utilization of technology.

In another context, Louise (2016) investigated the relationship between economic growth and SMEs' success in South Africa. Louise study discovered that SMEs have constructive

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influence on justifiable progress in the economy of the country (South Africa). His study acknowledged that when the SME sector are seriously improved, South Africa would in consonant achieved economic development.

In another study, Bouazza, Ardjouman & Abada (2015), discovered the factors that led to the retrogress of SMEs in Algeria. Bouazza et al. discovered issues including finance, technological capacities, the motivation of owners, human resources, and many others that are beyond the SMEs control.

Another study by Beck, Dunt & Levine (2005) cited in Ibrahim (2014) was conducted using a sample of 45 nations. Their study indicated there was a resilient encouraging association among economic growth and SMEs development. One of the implications of their study was that the enhancement of general economic progress can be as a results of effective SMEs operations. According to Taiwo, Ayodeji & Yusuf (2012) found that there was a positive chain that linked SMEs operations and economic growth in Nigeria. Taiwo et al (2012), discovered militating factors hampering the effective progress of SMEs in Nigeria. Some of these factors were financial constraints, high levels of corruption, lack of training, and capacity building.

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Adjei (2012), examined the key challenges and prospects of SMEs in the Sekondi-Takoradi Metropolis in Ghana. Adjei's research revealed some of the challenges affecting SMEs which include; trade liberalization, illiteracy rate and business registration of SMEs. Others were inadequate entrepreneurial skill and low financial assistance inadequate support. The study discovered that female participate more in business operations than the male counterpart. Majority of the respondents were semi-literate. This has undesirably affected their ability to keep proper records and assess the growth of their business (ibid). According

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to Quartey (2015), Business support agents and policy makers are not willing to help in the business development in Ghana. Ghana. Most SMEs in Ghana are not registered, only 26.2% are registered with the Registrar General Department (Quartey, 2015).

Sulemana (2014) also studied the Garment industry in the Tamale Metropolis and the issues affecting their operations. The study redefined entrepreneurial performance in the framework proposed by Storey (1994) to include the following; sales, workers employed, and asset of business as dimensions of entrepreneurial performance. The study discovered that entrepreneurial success is fueled by some causes including self-creativities, help by others, motivation from comrades and family, talent, capabilities, and many others**.** The study found that a low level of education is not a barrier to being a successful entrepreneur.

Agyapong (2018) investigated the variables that impact development of business operation in the country (Ghana). The result of the research revealed many challenging issues affecting the effective business operations and growth in Ghana. The issues discovered were; high illiteracy rate, inadequate power supply, financial source, rise in prices, and policies from the law makers. Agyapong's study recommended that owners of SMEs should take it upon themselves in treating their businesses separately from their own personal operations as far as the family remains a variable that influences the growth of SMEs.

2.2.7 Characteristics of SMEs in Tamale Metropolis and Ghana at large

Businesses in Ghana and other places have several characteristics that promote or affect its growth. The business setups may be small or large. Several issues come to play when explaining the characteristics of SMEs in Ghana. As stated by Dabuo (2017 p.14), "SMEs in Ghana are usually small, owner or family managed businesses offering basic goods and

services, which tend to lack organizational and management structures with the urban ones tending to be more structured than their rural counterparts". Most SMEs in Ghana are sole proprietorship and partnership, few are joint ventures.

The SMEs in Ghana can be classified, businesses that are operational at the cities in the country are called the urban enterprises and those businesses that are operational at the local or rural areas are called the rural enterprises. The urban enterprises are further grouped into organized and unorganized businesses (Dabuo, 2017). Theses groupings are one of the most important feature of SME in Ghana.

In Ghana, individuals owing businesses are rampant. Entrepreneurs believed in self-own businesses and group of individuals result to partnerships. According to Agyapong (2018), about 94% of rural enterprises are sole proprietors. They mostly have simple management structures, relatively small capital, self-finance and businesses can collapse at any time.

The small business setups are also characterized by high illiteracy rate and workers or employees receive little or no training at the work place. These businesses also own more allegiance to family and relatives. Small and Medium Enterprises in Ghana are heterogeneous in nature. They ranges from little shops, kiosk, carpentering shops, welding shops and food vendors and many others (Gariba, 2015). Ackah & Vuvor (2011) categorized businesses that fall under SMEs into primary, manufacturing and services. These classifications are shown in Table 2.2.

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Table 2.2 Classes of businesses in the Tamale Metropolis

Primary	Manufacturing	Services
Firewood supply	Plantain production	Meat retailing
Poultry raising	Soap production	Organizing labour squad
Packaging of food items	Foam production	Restaurant service
Rabbit raising	Concrete block production	Operating services
Fish farming	Chalk making	Home services
Education	Cream production	Commercial poultry
		Accountancy

Source: Ghana Statistical Service, 2014

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2.2.8 Characteristics of entrepreneurs in Ghana

The growth of an enterprise is closely associated with the characteristics of the entrepreneurs. The characteristics of entrepreneurs are attracted by policymakers, developers, and scholars to promote entrepreneurship to enhance the well-being of people and the general economic progress of the society (Buame, 2012). According to Dafina (2013), people who want to invest sometimes evaluate the potentials of firms by looking at the characteristics of owners. The growth of every business is largely dependent on the attitude, skills and relevant strategies of the entrepreneur. Other aspects of business may include; gender, age, education, the ownership structure of businesses, legal status and nature of business of an entrepreneur. Also, entrepreneurial skills and experience, broad social and professional network, and many others (Rahman, 2015).

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2.2.9 Recent policies of SMEs promotion in Ghana

Small and Medium Enterprises in Ghana and many other countries are mostly known to be providing jobs for people, serves as the fuel to promoting the growth of the large companies and the source finance for many people (Sannajust, 2014). According to the National Industrial Census ([NIC], 2010), about 70% business operation in Ghana falls under the SME category. These businesses are acknowledged to be the GDP promoters, they contribute about 22% to growth GDP in Ghana. According to Edward (2015), SMEs have significant contributions to Ghana's socio-economic progress and sustenance. The small business operations were the major component of Ghana reaching its middle-income grade of $1,000 per capita per annum in 2015.

Many rules and regulations were formed with the main purpose of promoting the growth and development of SMEs. The Ghana Growth and Poverty Reduction Strategy ([GPRS II]) was formed with main aim of reducing poverty and promoting economic progress in the country through the effective operations of SMEs. This policy was also intended to revamp and promote the private sector growth and income generation in the country. Ghana was ranked 10th in 2006/2007 by the World Bank/International Monitory Fund (2008) as one of the performing countries in terms of business progress and it influence on the social lives of the people. However, in the current (2019) World Bank and IMF business performance ranking, Ghana was ranked one hundred and eleventh (111) position out of the one hundred and forty (140) countries assessed. The World Economic Forum (WEF) monitored and gathered the economic performance report of these countries for a maximum period of ten years and to determine the economic success of every country (IMF

Annual Report, 2019). The study by WEF shows a serious retrogress in the business performance of Ghana.

According to Joseph (2014 p. 27) "A number of institutions, both public and private have been established with the aim of facilitating the growth of the general industrial sector and the SMEs' growth in Ghana. These are; the National Board for Small Scale Industries (NBSSI), the Association of Ghana Industries (AGI), EMPRETEC Ghana Foundation, the Ghana Export Promotion Council (GEPC), the Private Enterprises Foundation (PEF) and NGOs both local and international." The foundations mentioned above are in one way or the other essential components for the proper growth of Ghana's business setups. They performed their roles in diverse ways. Some of them are financial assisting institutions, some provide education and training to entrepreneurs and many others (Joseph, 2014).

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2.2.10 Factors influencing the growth of SMEs in Ghana

There are so many issues influencing the effective progress of business operations in the country. Some of these issues include owner intrinsic factors or managerial effect on business progress, previous experience, firm size and its influence on growth, human resources capacities, technological capacities and managerial capacities.

2.2.10.1 The owner's intrinsic factors/managerial effect on business progress

Storey (1994) cited in Ebenezer, Evans, & Seth (2019), there are different ways of motivating and individual to achieve an objective. Motivation may be negative or positive depending on when and how you use it. Storey (2014) indicated that positive motivations are good motivations coming from the persons own self or from another person. Those motivations encourage individuals to work to achieve better results. Negative motivations on the other hand are issued as threats or pointing at the weaknesses of individuals that

caused dissatisfaction. According to Hanan (2014), positive motivations are those that individuals derived in a form reward after successful completion of a task. People are naturally motivated positively when they receive a reward or gift for doing something good. Negative motivation on the other hand is the type of motivation that you use when you perform an activity to avoid the pain that may result from not doing it. An example is when a cement wholesaler refuses to supply cement to customers he does not know on credit is negatively motivated not to run at loss in the market. Motivation that is said to be negative is when an individual tries to avoid discomfort or retribution (Hanan, 2014).

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2.2.10.2 Previous experience

In Ghana, previous studies such as Akanganngang (2016) and Musah et al., (2015) both agreed that, entrepreneurs with more technical knowledge and skills turns to reflect positively in business growth and development. According to Ebenezer et al. (2019), entrepreneurs who lacked the requisite skills and competence in their business operation are more likely to face off from the market or would not be able to make adequate profit from their operations. Similarly, Storey (1994) cited in Ebenezer et al (2019), found that many people who are unemployed before starting a business are too much money conscious in their business activities. About 70% of them easily give up and closed down their businesses within two or three years after operations when sales are low or unfavorable market conditions. The study confirms that those who are strong enough to withstand the bad market conditions and are motivated by self-fulfillment can increase sales growth significantly.

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2.2.10.3 The impact of firm's size on its growth

Many people are tempted to believe that small businesses have the ability to grow faster than the big cooperation. This viewpoint has however been rejected by a number of writers, (see Chowdhury, 2011; Muller, Gagliardi, Caliandro, Bohn, & Klitou, 2014). These authors stated that businesses that are small in nature are more likely not to stand a test of time. They easily collapse when faced with little crises. Their views were reinforced by Ebenezer et al., (2019). Ebenezer in his study stated that, big businesses or large scale enterprises with adequate technological knowhow have high tendencies to expand even more than the smaller businesses. Ebenezer added that, SMEs dominates more at rural areas which are very useful in contributing to economic progress and the well fare of the people. Eniola (2014) also stated that rural setups or businesses are very instrumental in improving the economic fortunes at the rural areas. Individuals and their families from the rural areas largely dependent on those small businesses they are operating. Historically, many of the big businesses we see today picked their roots as being small in the time passed.

2.2.10.4 Regulatory factors

According to Quartey (2010), regulatory factors pose serious challenges to SME development when they are not favorable. Good policy reforms have led to some improvements and serve as a road map for some enterprise development. However, some businesses are faced off from operations as a result of imposing disproportionate and redundant afflictions on small businesses (ibid). The situation of Ghana is not different, businesses have difficult processes in going through the attainment of business registration

documents. Many entrepreneurs failed to register their businesses due to the cumbersome procedure involve (World Bank report, 2012).

2.2.10.5 Technological capacities

Small and Medium Enterprises promote nations growth and indigenous technological development. Many businesses most especially those at the production sectors, make good use of the natural resources available. These businesses turn those resources into finish goods for people to use rather than exporting from other countries (Abeh, 2017). According to Wiklund (2010), technological development promote competence, permit superior invention, and above all stimulate the generation of more profits from the business setups in Ghana. Morse (2007) also stated that small businesses who are result oriented benefit more from technological development. For instance, businesses with high level of technological capabilities increases their productivity there by reducing the high costs of goods and services. Ebenezer (2019 p.32) stated that, "low technological capabilities hinder and discourage SMEs from fully reaching their potential. Countries with high levels of technological growth tend to have high levels of entrepreneurial growth and vice versa."

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2.2.10.6 Human resource Management/Managerial capacities

Several studies such us Singh (2008) and Garwe (2010), supported the efficacy of managerial skills in business operations. They acknowledge that efficient managerial skills and competence are very essential in small business growth and development. Olawale & Garwe (2010) reveal that managerial skills are the requisite skills and competence necessary for an effective operations of every business. Proper managerial competence is

a vital instrument that propel efficient progress of SMEs in Ghana and that the lack of management skills is an obstacle to growth of businesses.

According to Chusho (2013), managerial expertise is often an organization-specific asset that accumulates over time, and cannot necessarily be rushed. Whenever businesses are inefficient of the managerial competences, their production of goods and services are deficient, hence they are unable to make good returns (profit). Entrepreneurs who are incapable to adopt accurate managerial practices into their business operations are very likely to experience a stunted growth (ibid).

2.2.11 The influence of SMEs on economic development with an emphasis on Ghana

According to Acolatse (2012), different scholars have raised their views on the emergence and practice of small businesses. There are two scholarly views to the SMEs arisen. These schools are the pro-SMEs view and anti-SMEs view. Many developed nations and assisting partners adopted the views being proposed by the pro-SMEs.

The influence of pro-SMEs on economic development in Ghana is the reduction of the high poverty level (Ackah & Vuvor, 2011). The pro-SMEs have promoted the enhancement of competition and the development of entrepreneurial skills. This school of thought are seen to be essential in economic efficiencies, creativity and above all progress in production. The pro-SMEs still argue that small business setups are considered prudent and efficient than the large business establishments. However, the small businesses are affected by factors such as inadequate technological knowhow, unavailability of credit facilities bad governmental policies and many others (Ackah & Vuvor, 2012). Direct government support to SMEs in Ghana can help the country to boost its economic growth and development (Acolatse, 2012).

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Another major influence of SMEs on the economic development in Ghana is employment generation. Small and Medium Enterprises have the capacity to generate employment since their operation is labour intensive. The area offers job opportunities to a large populace both at the rural and urban centers in Ghana (GSS, 2014). The establishments of SMEs pave way for many people to get employed or operate their own businesses (Musah et. al., 2015). In Ghana, SMEs are recognized to be job providers. In the Northern Region alone, about 70.5% of the population is engaged in self-employed activities such as farming, retail trading, weaving sowing, and many others for survival (GSS, 2014). According to OECD (2013a), people complying with environmental policies may have less undesirable influence on green transformation (a transformation system that places prominence on the practice of renewable energy sectors and green areas for the sustainable future of cities).

Most nations in Africa and the world at large recognizes the Corporate Social Responsibility (CSR) of SMEs. These responsibilities carried out by SMEs are viewed relevant in promulgating the socio-economic development of a society (Adjei, 2012). At the rural communities of Ghana, the small businesses setups are the major source of getting income to solve their basic needs. The youth are engage in some of these business activities in order to take care of the larger family. Corporate social responsibility of businessmen are meant to attract and maintain the good will of customers, investors and many other people who are connected to their business growth and development (OECD, 2016b).

The private sector has received an overwhelming recognition in contributing greatly to the general growth and development of every nation particularly among the countries of Africa (Kurokawa, 2008). Kurokawa (2008) reiterated that many nations including the developed countries considered the private sector to be a turning point in achieving economic

fortunes. The sector is seen as the roots that binds sustainable development and a better well-being of individuals in every society. According to Ntiamoah, Beatrice, and Eugene (2014), Ghana has a vision of attaining the middle-income status by 2020. Ntiamoah et al. (2020) revealed that the most important tool for Ghana to achieve this dream was to recognize and promote efficient performance of the private sector.

It was estimated by NBSSI (2015) that, many business setups whether micro, small, medium and large establishments engaged about 70% work force in the country. The micro businesses employ a maximum of nine (9) persons; the small enterprise employs ten to forty nine (10-49) persons while the medium enterprises have employees from fifty to two hundred and forty nine (50-249) persons (Osunde, 2016).

According to Abor & Quartey (2010 p.42), "enterprises are not just suppliers, but also consumers. Small and Medium Enterprises demand for local raw materials as their industrial inputs, and other consumer goods aid in promoting economic activities in the country, as well as stimulating demand for their own goods and services." For instance, shea butter processing businesses use shear nuts as raw materials for shea butter which are obtained from the shear trees by the local people. The demand for goods and services promotes the income earning power of small businesses whereas the supply of raw material stimulates the income generation potentials of suppliers.

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2.2.12 The impact of the COVID-19 on SMEs operations in the Tamale Metropolis and Ghana at large

The new coronavirus (Covid-19) was testified to begin from a town called Wuhan in China. This emergence occurred during the last month of 2019 (December, 2019). The pandemic was a health issue that moved all over the globe affecting about 199 countries and territories

as of March 2020 and for which Ghana was not exempted (IMF, UNECA & Deloitte, 2020). The number one Covid-19 case in Ghana emerged on the 12 March 2020. This pandemic has taken a long stretched around the environs of Ghana and affected about 46,222 people with about 299 total deaths and 45,417 recoveries as at 25th September, 2020 (World Health Organization [WHO], 2020). This pandemic has caused intense pressure on hospitals and health workers across the country. The rate of spread of the virus is astronomical with an increase in adopting precautionary measures like physical distancing, frequent hand washing, use of hand sanitizers, use of face masks, quarantine, and self-isolation.

The pandemic has largely affected the economic development of Ghana and the world at large. According to Deloitte (2020); and Musah (2020), COVID-19 is not only a health problem but also a development crisis with an enormous impact on the economy, education, businesses, agriculture and many others. These are explained below;

2.2.12.1 Economy

The economy of Ghana is largely import-driven, COVID-19 has substantially affected every aspect of Ghana's economy. This pandemic has caused many countries including Ghana to imposed restrictions and lockdown on every aspect of life which has affected the revenue the country drives from exports, imports and many others (GSS, 2020). It has resulted in low savings posing risk in the banking sector and drastically slowed the demand and supply of goods and services (African Fertilizer & Agribusiness Partnership [AFAP], 2020). According to Delloite (2020), the partial and total lockdown of many countries around the world within the period of February to June/July, 2020 has caused about 75%

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global economic downturn. The implication of the lockdown due to coronavirus has the following effects on Ghana's economy;

i. On Gross Domestic Product (GDP), The GDP of Ghana was set to fluctuate downward from a target of 6.8% to about 2.6% in 2020.
ii. Trading capacities are largely affected from the uncertainties in the supply chain all over the world. The uncertainties have also led to the contraction of Foreign Direct Investment (FDI) flows to Ghana
iii. The stabilization endowment fund of Ghana was estimated to go down by GH¢1,058m
iv. The estimated decline in Ghana's Annual Budget Funding Amount (ABFA) in 2020/2021 is GH¢3,526m
v. The estimated total fiscal effect from income deficit and price of readiness and reaction plan was GH¢9,505m

2.2.12.2 Business operation

COVID-19 has caused a devastating effect on Ghanaian businesses forcing an estimated 115,000 of them to close down permanently or temporarily since July 2020 (GSS, 2020). According to the survey conducted by GSS (2020), COVID-19 Business Tracker Survey (BTS) established that about 770,000 workers representing 25.7% of the national total workforce, had their wages reduced while about 42,000 employees were laid off as a result of COVID-19. However, the pandemic also offers the opportunity for some local enterprises to take advantage of the current situation to market their products and services online and compete on the global stage. Since there are restrictions on the importation and exportation of goods and services, a small business can capitalize on that to provide quality

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and attractive products to lieu of the attention of the local people (GSS, 2020). The GSS and United Nation (2020) has commended the government of Ghana for implementing the COVID-19 financial assistance to business men and women. The money allocated for the assistance was GH¢600m with moratorium period of one year and payback period of two year for SMEs. Other measures adopted to mitigate the impact of COVID-19 on business operations were; Government announcement of USD100m to assist affected private sector of coronavirus. Also, a reduction in the interest rate of loans given to clients and many others. All these were measures to reduce the influence of coronavirus on business development in the country.

2.2.12.3 Education

Beyond the inevitable impact of coronavirus on business development in Ghana, the pandemic has a significant adverse effect on education in the country. On the 15th March 2020, Government of Ghana announced the lockdown of all schools from kindergarten to tertiary covering all private and public sector institution till further notice. This closure affected about 9.2 million basic and secondary school students and 0.5 million tertiary education students nationwide (UN, 2020). The closure is about six months now with some partial re-opening of the junior high, senior high and tertiary level education. The pandemic was projected to have a prolong impact on education in Ghana and the world at large (United Nations, 2020).

2.2.12.4 Agriculture

The global pandemic continues to have an impact on the major areas of Ghana's economy including the agriculture sector (GSS, 2020). The agriculture value chain could be adversely impacted due to the nation's lockdown, bans on public gathering and restricted

movements. The pandemic has reduced drastically the number of people at market squares thereby affecting food production and food availability in the country. The United Nations Economic Commission for Africa [(UNECA, 2020)] indicated that the GDP of Africa from current 3.2% down to 1.8%. UNECA revealed that the virus has affected the agriculture of Ghana in three major way. These include;

i. The production systems
ii. The supply chains and
iii. The food commodity preferences.

2.2.13 Poverty situation in the Northern region and Ghana at large

Poverty has been a cancer eating deep into societies most especially the developing nations. The World Bank report (2010) indicated that about 1.2 billion people are dependent on a minimum of US$1 a day. From the 1.2 billion people, about 24.3% were coming from Sub-Saharan Africa. In South Asia, about 43.5% were poor and about 23.3% were coming from East Asia and the Pacific. According to Kim (2015), in a day, nearly 1 billion people on the globe live on $1.25. The World Bank (2010), stated that the larger population of South Asia and Sub-Saharan Africa are being affected by various dimensions of poverty. The World Bank further observed the causes of poverty in those areas. The institution discovered factors such as inadequate private sector intervention and non-availability of strong financial institutions to support the poor. Poverty is being explained differently by different scholars and authorities. The World Bank (2010) stated that many individuals around the world lived in extreme poverty (living below US$1 a day) and those who are moderate poverty live under US$2.

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The GLSS7 (2017) explanation of poverty is based on the catalogue of Ghana's economic progress. The GLSS7 characterized the needy as those surviving on a per capita earnings of below two-thirds of the general average. Materials gathered from GLSS7 (2017) affirmed that, over 50% of rural folks in the country are poor. Large number of the population who are into the agriculture sector are considered poorer than those at the private and informal and the public sector. Extreme poverty is very common in the rural areas of Ghana. Largely, poverty in Ghana are considered rural issue. Many dwellers at the rural areas are mostly affected by high level of poverty. This is particularly rampant at the Northern, Upper East and Upper West regions of Ghana (GLSS, 2017).

In the Northern region of Ghana, there is a high incidence of poverty among the people most especially in rural communities. Regions like the Greater Accra has continuously realized a smallest poverty incident way back 2005/06. The poverty level in Greater Accra region for the year 2016/17 was about 2.5%. This figure was 21% lower than the national average (GLSS, 2017). However, the current five regions at the northern part of are constantly experiencing a high level of poverty which is more than the general average. With a 61.1% rate, the Northern region is ranked second in terms of the poverty level in the country. The region has about 1.8 million people living in extreme poverty making the region to contribute a lot to high poverty situation in Ghana (ibid).

Policy makers in Ghana have resulted to a number of measures and interventions to reduce the high level of poverty situation in the country particularly, the five regions from the North (GSS, 2015). The Government of Ghana in pursuit of reducing the incidence of poverty developed series of strategies. According to Akanganngang (2016 p.80), "strategies adopted with the main aim of reducing poverty were; the Economic Recovery

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Program (ERP) which was backed by the Program of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) and the Ghana Vision 2020, the Ghana Poverty Reduction Strategy (GPRS I and II), and the Ghana Shared Growth and Development Agenda." These strategies were aimed at reducing the menace of poverty in the country. Poverty reduction anywhere cannot be achieved without the intervention of the private sector. This sector is a gate way for creating more jobs for the people and empowering them economically in order to reduce the severity of poverty among the Ghanaian population Akanganngang (2016).

The argument of the pro-SMEs and the anti-SMEs serves as a strong reference point for acknowledging or rubbishing the role of SMEs on poverty reduction. The pro-SMEs have indorsed the enhancement of competition and the development of entrepreneurial skills. This school of thought is seen to be essential in economic productivities, originality poverty reduction and above all progress in the well-being of the people (Ackah & Vuvor, 2011; Gilbert, 2015).

Alternatively, the ideas from the anti-SMEs are divergent from the pro-SMEs. The anti-SMEs questioned the idea of SMEs promoting poverty reduction. This school of thought indicated that the SMEs themselves are struggling to survive in their operations. They acknowledge that, large scale businesses are arguably the best sector that can promote the well-being of the individual by providing jobs, producing goods and services for consumption, carrying out appropriate CSR and many others that are geared towards poverty reduction (Gilbert, 2015). From the views of the anti-SMEs group, large businesses are more labour exhaustive than SMEs and can create more jobs than the SMEs as well (Gilbert, 2015).

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2.2.14 Challenges of SMEs in Ghana

Challenges are inevitable. Every human institution has its own challenges/barriers militating against it performance. This does not exclude the SME sector in Ghana. There are many barriers affecting the effective operations of the SME sector (Stephanou & Rodriguez, 2008). Normally, small businesses are faced with numerous constraints. These barriers are widespread, however, developing nations and most especially businesses at the local areas experiences serious challenges. According to Echtner & Zhao (2011), challenges that are faced by businesses in Africa and other developing nations are; lack of financial support, competitions from large enterprises, unfavorable national policies, erratic power supply and many others. The study of Quartey (2010) states that, SMEs in Ghana are not able to realize their full potential due to the following factors; inadequate credit facilities, inadequate managerial skills, low desire of locally produced goods, low level of innovations and technology, and also environmental and cultural factors.

Inadequate financial support

Financial demand is the most paramount instrument for promoting small business establishment in Ghana. This phenomenon is widely recognized as being a major hindrance factor to the growth and development of SMEs all over the world (Stephanou & Rodriguez, 2008). Also, the study of Beck & Cull (2014) revealed financial supporting gaps as the number barrier to business operators worldwide. In addition, the World Bank Enterprise Surveys (2013) indicated that, small business setups in Ghana can grow better when accurate and reliable financial support are provided to them. Beck & Cull (2014) investigated the major factor militating against the effective operations of SMEs across

Africa. Their study discovered that almost every country rated financial constraints as a major barrier affecting SMEs operations.

The Association of Ghana Industries ([AGI], 2011) also acknowledges the abysmal effect of financing to the proper growth and development of SMEs. Problems of finance are particularly associated with micro, small and new firms, large scale businesses however are not seriously affected by financial issues (Beck, 2014). The big businesses have more advantage over the SMEs in terms of financial difficulties because of their networks and financial backings most at time, from foreign countries (ibid). According to Kempson, (2000) cited in Beck (2014), the four major issues serving as barriers to SMEs getting access to financing in Ghana are:

1. Cumbersome nature of loan application and the dangers involve when breached of contractual agreements.
2. High interest rate and cost associated with the processing of application for loan deter SMEs from going in for loan.
3. Most financial institutions have misplaced priority over SMEs.
4. Pre mind set of not getting the loan.

Inadequate management abilities of entrepreneurs

Entrepreneurs requires some level of skills and competences to promote their operations. Management abilities are very essential in business activities, entrepreneurs without the necessary managerial skill cannot make enough profit to sustain the business (Musah et al., 2015). Many entrepreneurs who are into small scale businesses are those with little or no formal education. Those without formal education at all are mostly lacking the adequate managerial skills and competence to run their businesses (ibid). According to King and

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McGrath (1999) cited in Musah et al., (2015), business people who have some level of formal education and or adequate skill training are more likely to have effective managerial skills that those who did not have formal education at all.

Low level of domestic demand

One major factor affecting the effective operations of businesses in Ghana is that local people preferred foreign or imported goods to their local made good. They attached more importance to foreign products even if they are inferior as compare to local once. In recent times, some consumers are being rational by turning their attention to patronize local produce goods instead of imported once. This is supported by Ebenezer (2019) as many consumers are now indicating that local made products taste and looks good, cost are relatively moderate, local products conserves inherent variety, it helps local families and many others.

Competition from the international markets

Competition is very important in promoting business growth and development. As many entrepreneurs are producing same or similar goods and services, demand for products are based marketing strategies and nature of products. This also provides wider opportunity for consumers to choose the type product they want to use. Gilbert (2015) indicated that monopoly market restrict demand for goods and services. Consumers experience high prices of goods and services because they have no alternative measure. According to Pearce and Robinson (2011), competitors in a market adopt winning strategies such as innovation, cost effectiveness, respect for consumers and many others to sustain in the market. Their study added that "competition means the conduct that business competitors display regarding winning the market or take advantage of each other."

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However, foreign competitors or big businesses who are financially grounded turns to be a threat to small scale businesses because, those small business setups cannot compute with the well-grounded once. Pearce and Robinson (2011) indicated that small businesses are bullied when competing with those international or big businesses because many substitute goods imported at low price rate can affect the local businesses. Furthermore, inadequate international marketing knowledge, poor quality control, low product adjustment and little access to international partners, hamper the growth of local small businesses (Musah et al., 2015).

Resources and technology

Small businesses are largely affected with material and needed technology at the operation process. These setups lacked the requite information on the ground for the proper operation of their business. According to Zoltan (2015), revealed that small business setups in Ghana are lacking the necessary equipment and technology to effectively produce to satisfy consumers.

2.2.15 Globalization and SMEs in Ghana

"Globalization involves the incorporation of businesses, markets, economies, policy-making and culture dispersing a wide geographical area" (Subhan, Mehmood & Sattah, 2013 p. 34). This means that globalization goes beyond an individual local setting. It has an embodiment of high skill initiatives, diverse cultural practices and may involve many countries or nations. Therefore, globalization in Ghana deals with the combinations of national and regional economies to the global network of trade, migration, communication and transportation (Subhan et al., 2013). The changing global economic environment had

an enormous effect on SMEs in Ghana. Globalization has the following merits and demerits to the business operations in Ghana.

2.2.15.1 Advantages of globalization on SMEs

According to Ocloo, Akaba, & Worwui-Brown (2014), people moved from one country to another to continue or take a new job. Again, goods and service also moved from one country to another without much difficulties. These movement of people and goods have promoted an increased in technology, new skills development and competence. Competition has become the order of the day as a result of globalization, this has resulted in providing many alternatives of goods and services and also halted the monopoly power in Ghana (Ocloo et al., 2014). Globalization has promoted the low income nations to trade and borrowed from the developed or industrial nations.

2.2.15.2. Challenges of globalization on SMEs

Globalization unlike any other thing has two side effect. The negative effects of globalization has so much impact on business operations in Ghana. According to Dickson (2018), globalization has the following negative effects; high inequality between and among nations. This mostly occurs between the rich and the poor nations where the poorer nations are at disadvantage. Anther disadvantage of. This had led to the general increase in prices of goods and services at the expense of reduction in the purchasing power of people. Economic surprises are also very high as a results of globalization. Also, globalization has brought about misplaced variety of culture as many uncultured practices are imported into the local economy (Dickson, 2018). Dickson (2018) also added that globalization has brought about inequality, reduction in public revenue, destructions of the environment and quick spread of infectious diseases.

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2.3 Theoretical model/framework

This section reviews the Modernization and Dependency theories to support the study. Emphasis will however be placed on the dependency theory for the theoretical review because it is a mixture of neo-Marxist perspective and that of Keynes' economic theories. These theories explained economic development based on market structures and appropriate policy developments.

2.3.1 Modernization Theory

Modernization perspective came to existence in 1960s by Walt Whitman Rostow, Levy (1967) and Haq (1976). This theory clarifies the reason why some nations are more developed than others. The theory emanates from technological advancement and explains how a nation can move from being traditional to a modern state (Jennella, 2013). The theory intended to shape the multiple dimensions such as social, political, cultural and economy of a nations in relation to the good changes by the general standard. According to Schuerkens (2007), the neoliberalism and the theory of modernization have placed much enfaces on pragmatic ways of achieving economic growth and progress. Though the theory has shortfalls that led to criticism by Prebisch, Falleto and Dos Santos. They pointed out key issues to achieving economic growth and development for which the modernization theory fails to capture (Frieri & Lima, 1960, cited in Oliveira, 2013). The shortfalls of the modernization theory triggered another threads of resolving the challenges, hence the dependency theory (ibid).

2.3.2 Dependency theory

According to Crossman (2018), the dependency theory was initially planned during the early months of 1960. This was led by a renowned scholar known as Raul Prebisch from

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Argentina. Raul Prebisch was an economist emerged and became popular from 1960s to 1970s. Crossman (2018) stated that the dependency theory is sometimes called foreign dependency. It is used to explain why most nations failed to achieve success in turning their economic development fortune.

Essentially, the dependency theory argues that the inability of a nation to move towards growth and development does not agreed with the stages of growth as recommended by modernization theory. Dependency theory comes as a result of political, institutional and economic difficulties that were experienced by both the developed and the under developed nations (Sanusi, 2012). Dependency theory argues that underdeveloped nations or developing nations can achieve their development goal without depending on the other nations particularly the developed nations. For instance, Ghana has outlined the adaptation of strategies such as curbing corruption, technological development, SMEs promotion and many others to achieve the agenda of 'Ghana beyond Aid'. Sanusi (2012) indicated that the representations of dependency theory were viewed in three dimensions, these include; "the neo-colonial dependence model, the false paradigm model and the dualistic development model. These three perspectives of the dependency theory were considered to be very important theoretical perspectives for this thesis. Dependency theory is one of the important theories that explained the SMEs impact on economic development in Africa and Ghana in particular.

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2.3.1a The Neo-Colonial Dependence Model

According to Akanganngang (2016), the major proponents of the neo-colonial dependence model were Duffy & Subben (1998). These proponents suggests that underdevelopment is about the rich and the poor countries. The international link between the rich and the poor

nations benefit the rich countries more. Such relationships are in the interest of the rich countries (the center) thereby, restraining the deprived countries (the 'periphery') to be self-dependent and plan their own development agenda (Prebisch, 1950 cited in Akanganngang, 2016). Therefore, Akanganngang (2016), stated that underdevelopment seems to have outside influence against the poor nations. However, reflecting on the fact that underdeveloped nations can develop without depending on the developed nations, restructuring and promoting SMEs in the Northern Region and Ghana at large can enhance the economic development in the country.

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2.3.1b The False-Paradigm Model

The false-paradigm model by Duffy & Subben (1998) proposes that "underdevelopment can be attributed to defective advice from the ethnocentric international expert advisers from developed countries, assistance agencies, and multinational donor organizations which developing countries considered important." These so called international experts intentionally proposed wrong and inappropriate advice and policies to the underdeveloped nations at the expense of their well-being (Sanusi, 2012). The developed nations propose policies that are not able to recognize the factors affecting developmental challenges of the poor nations. They rather provide the poor nations with policies and other support that would make them rely more on they the developed nations instead of being self-reliant (Akanganngang, 2016). The major issue is that, over 70% of the highly educated people and policy makers from the underdeveloped countries are trained from the developed nations thereby dancing to their tune when the need arises (Adjei, 2012). These class of people always acknowledge foreign policies as superior policies and prefer using them than their own once. They always compere what the developed nations are doing and try to

emulate them (ibid). The professionals trained outside may not even be acquainted with the development issues at their home countries. The situation in Ghana is not different. Development issues and policies do not get the needed attention and implementation (ibid). The implication of this phenomenon is discussed in chapter five of this study.

2.3.1c The Dualistic-Development Model

This class of experts hold the view that there are two thing in common in every action or inaction of an individual. They believed that society is made up of two groups of people, the rich and the poor (Duffy & Subben, 1998 cited in Akanganngang, 2016). The dualists is worried with the constantly growing deviations in the rich and the poor societies on various levels and therefore, adopting appropriate strategies to meet a level or average standard (Todaro & Smith, 2011). According to Sanusi (2012), the dualistic development model was characterized by four key issues, these were;

1. Different situations can co-exist at the same place or environment. An example, the local method of production and the modern method should live in harmony. Again, the poor people should be able to live together with the rich people in a society.
2. The co-existence should be over lasting and time-bound in an international economy.
3. The level of dominance and that of dependency are not decreasing rather, they are inherent and capable of going higher
4. The rich nations believed they are naturally important than the poor nations and always downplayed the ability to grow and be self-reliant. In Ghana, strict laws and policies should be adopted to encourage or compel the rich people to patronize locally produced goods and services so as to prevent the outflow of resources into

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other countries. This strategy would encourage local manufacturers or business people to bring positive ideas for development.

In realizing full potentials of business operations on economic development in the Tamale Metropolis of the Northern Region of Ghana and the country at large, much is dependent on the governments, policymakers and other stakeholders to make appropriate policies and support for business owners to stand the test time. Inadequate well-being of people in many communities of Ghana are as a consequence of improper support to the local businesses in the country (Sanusi, 2012). For instance, prominent authors of the dependency theory (Prebisch, 1950; Samir, 2001 cited in Akanganngang, 2016) stated that every nation should be able to capitalize on their economic fortunes and policy measures to form what is known as "conditions of development". The measures to capitalize on are;

1. Regulate the local currency value compared to other international currencies placing much importance on sustaining or increasing the value of the local currency value against the foreign once.
2. Positively promote government policies and institutional roles for SMEs to achieve success in their operations.
3. Generate a podium to invest in assets by paving more opportunity to nation's own assets.
4. To establish a national developmental plan and strictly follow the lay down procedures in achieving those plans.
5. To encourage the local production and consumption of goods and service.

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2.3.2 Criticisms of the Dependency Theory

While the dependency theory succeeded in getting promoters in many areas across the globe at the period of early 1970s, the theory became a matter of concern to many scholars and economists during the late 1970's. The criticism labelled against the theory were;

According to Todaro and Smith (2011), dependency theory did very well in explaining the brain behind why the poor nations were poor and to remain poor and why the richer nations were rich and would continue to be rich. However, the theory has failed to proposed relevant measure as to how the poor nations can overcome their state of being poor and how the rich nations can sustained their status.

Another critique of the dependency theory was that it views the underdeveloped nation's particularly African countries as being naturally mandated to be poor and to depend largely on others for survival (Reyes, 2001).

The third line of critique of the theory came from some neo-classical economists. These economists tagged the theory to be a sectional theory that divides the Third World Economists (TWE). These TWE were seriously directed by philosophical understanding of issues based on research. For example, Sayigh (1991) cited in Akanganngang (2016) supported capitalism as key instrument to boosting nations socio-economic development and dependency.

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2.4. Conceptual framework

The proposed theoretical framework developed to undertake this research was Fishbone analysis. The fishbone analysis is an instrument use to investigate the effectiveness of business operations. This instrument is normally called the "Ishikawa Diagram". It assumed the name because Ishikawa developed and integrated in 1986. Ishikawa was a

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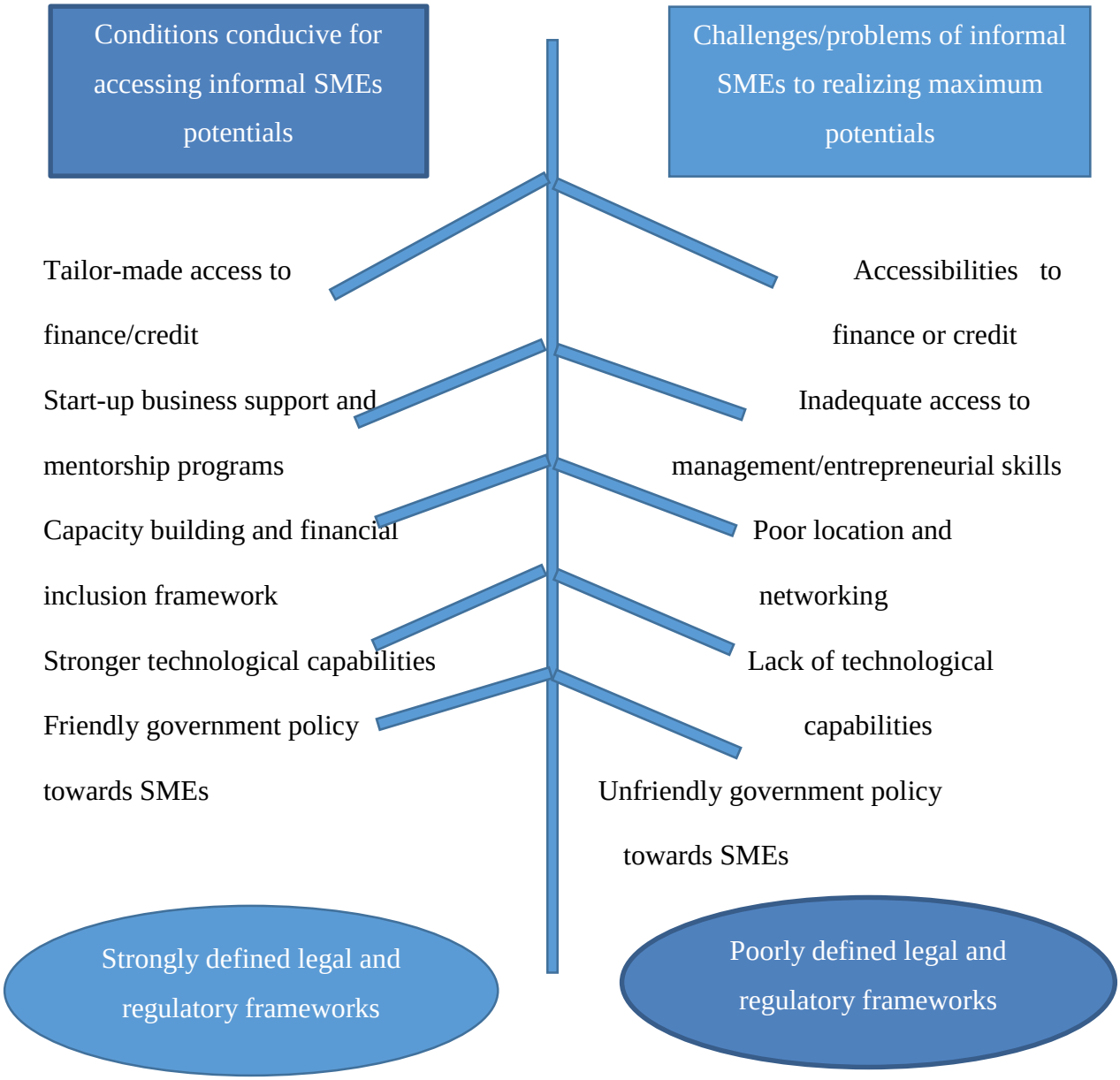
Japanese statistician. This instrument was also called a "fishbone" because it assumed the skeletal nature and look of a fish. This "fishbone diagram" analysis classically evaluate the reason for the occurrence of a specific business problem and therefore help to expose the signs of that particular problem for business progress (American Society for Quality, 2005 cited in Turan, 2012). For that specific purpose, it is also called "Cause-Effect Analysis". Ishikawa provided a review of the main concepts that have been affecting the business operations and development in developing countries like Ghana. Ishikawa (1986) presented his ideas in a fishbone form where challenges/problems are identified as weaknesses and threats that need to be solved and conducive conditions are identified as strengths and opportunities that need to be improved. Ishikawa discovered six issues for determining barriers militating against business operations and development. The six factors were; "accessibility to finance and/or credit, lack of management and entrepreneurial skill, poor location and networking, technological capabilities, government policies towards the informal SMEs and poorly defined legal and regulatory frameworks". Also, six conducive conditions necessary for the growth of SMEs were also identified, these were; "tailor-made access to finance/credit, start-up business support/mentorship programs, capacity building and financial inclusion framework, stronger technological capabilities and friendly government policies towards SMEs." The fishbone diagram is a creative and effective way of determining major challenges of SMEs in developing nations such as Ghana and to assist the sector to contribute to the economic development of the country. Figure 2.1 shows how the fishbone diagram is illustrated.

Figure 2.1. Conceptual framework



Source: *Herrison Matsongoni and Emmanuel Mutambara (2018)*

The World Bank conducted an analysis of the Ishikawa fishbone idea and provided three essential opinions in support of SMEs in developing and underdeveloped nations. The World Bank arguments were in line with the opinions of the 'modern' paradigm on the

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significance of SMEs in the economic development of every nation (World Bank, 2002, 2004). Firstly, small business operations improve competition and entrepreneurship. The second factor is that SMEs are commonly prolific than large firms but the financial markets give more priority to the large firms than the SMEs to operate in a conducive environment. The third factor is that, SMEs growth increases job creation than large firms because SMEs are more labour intensive. The World Bank proposed that countries should identify the strengths of SMEs and adopt measures to build on them to promote economic development. Also, countries should adopt measures to mitigate the weaknesses of SMEs for them to be in operation (World Bank, 2012).

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2.5. Conclusion to the chapter

This chapter has discussed the theoretical and empirical reviews that form the basis for this study. Out of the empirical and theoretical reviews, modernization and dependency theories were well explained and a conceptual framework was established to explain the link among SMEs and economic impact on the population. The idea of promoting the private sector particularly the SME sector is call for action. It is a move to promote business operations in Ghana since the sector is considered the bedrock of Ghana's economic growth and development (Abdullah, 2015; World Bank, 2011).

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CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This section of the research offers an outline to the approach of the study. A research approach refers to a broader orientation or framework that is employed to conduct social research, including data collection and analysis (Plano, 2016; Bryman, 2015; Shannon-Baker, 2015). Two main research approaches are often identified by research methodological analysts, these are the quantitative and qualitative approaches (Collis & Hussey, 2013). In order to appreciate this research work, the study has accepted a quantitative research approach to data collection and analysis.

Areas covered are; the merits and demerits associated with quantitative method, research type and design, philosophical position for this study are described. The study population and sample size, data sampling techniques are also explained. In addition, data collection procedures and instrumentation are described. Finally, statistical techniques applied to analyze the data are justified.

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3.2 Approach to research

This study as mentioned earlier used quantitative method of data collection and analysis. The approach was used to ascertain the relevance of the research. However, the approach also has some drawbacks affecting its use.

3.2.1 Quantitative approach – Merits and Demerits

A quantitative approach to research emphasizes quantities or numbers. This approach is usually employed to test theories and involves an inferential method of theory and research

(Depieri, 2015; Bazeley, 2012; Morgan, 2014). The quantitative approach to research accepts natural science models and regards social reality as an external or objective reality (Morgan, 2014). Quantitative researchers believe that good data can be obtained by eliminating questionable or ambiguous information from the research.

The fundamental advantage associated with quantitative approaches is that the approach uses samples to obtained data from the larger population (Muijs, 2011; Berg, 2012; Bryman, 2015). For instance, in many countries across the globe, policymakers seek to quantify many school teachers' and students' variables to offer reliable credence to policy issues (Ravitch, 2010; Berg, 2012). In spite of the value attached to the use of quantitative data, critics have flagged its selective use by politicians and interested stakeholders.

One criticism was that ideas from physical science research are best suited to the understanding of material things and are limited when it comes to issues related to human behavior (Denscombe, 2007; Hammersley, 2012). Thus, the quantitative approach under the positivism research paradigm has failed to ascertain deeper underlying meaning and explanations of social phenomenon (Ary et al., 2013). In addition, Connolly (2007) cited in noted that several subjective judgments are made in the development, measurement and interpretations of quantitative research thus rendering a quantitative approach not entirely 'objective'.

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3.3. Research type and design

This research is a non-experimental type. "Non-experimental research is the label given to a study when a researcher cannot control, manipulate or alter the predictor variable or subjects, but instead, relies on interpretation, observation, or interactions to come to a conclusion" (Lee, 2015; Johnson & Christensen, 2016; Cozby & Bates, 2018). The

indication is that non-experimental research are based on associations, investigations and or case studies. The non-experimental research does not show a true cause-and-effect relationship.

Research designs refer to techniques that guide the selection of appropriate research methods or tools used for data collection. In other words, the selection of particular research design will indicate the type of methods adopted for specific study activity (Hammersley, 2013). According to Saunders (2012), there are several research designs or strategies from which a researcher can choose, namely: experimental or survey design, longitudinal, cross-sectional, case study and comparative design. However, this research used a case study research design that seeks to access the influence of SMEs on economic development in the Tamale Metropolis.

"A case study can be defined as an intensive study about a person, a group of people, or a unit, which is aimed to generalize over several units" (Bryman, 2012; Morgan, 2014). In the view of Creswell (2015), the case study method explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information and reports a case description and case themes. This method was used because it provides more realistic responses than a purely statistical survey (ibid). It is assumed by many scholars such as; Bryman (2015), Morgan (2014) and many others that, a real problem or challenge can effectively be investigated and understood by using case study method. The case study provides way to do an in-depth analysis of a problem, such as development issues and poverty (Lee, 2015; Bazeley, 2012; Biesta, 2010).

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The use of case study method can be applied to a case (single bounded system) or cases (multiple bounded systems) (Creswell, 2013). The single bounded system is applied to only one case and the multiple bounded systems are used when the cases are two or more (ibid). This research work adopted multiple bounded case study because the researcher wants to carefully study and produce a work that is more reliable and accurate. It also helps in concentrating, outlining and handling of information (Yin, 2014).

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3.4 Philosophical position for the study

An important aspect of research methods is the research philosophy. Philosophical position of a research involves the collecting, studying and using of data for a particular problem (Atieno, 2009; Bazeley, 2012). Since philosophical position determines the ontological (the study of concepts that directly relate to being) and epistemological (the study of the nature of knowledge) features of the study, it turns to be considered for the study design (ibid). This means that, the philosophical position of the case study method is not clear as all positivist, interpretivist and post-positivist researchers use case study. Thus, the philosophical position of the case study research itself has been challenged since all the positions employ it. Nevertheless, there is still much more significance this method can benefit from the use of a philosophical position (Boblin, Ireland, Kirkpatrick & Robertson, 2013).

There are primarily two essential philosophical directions that impact the study activities, these are; “positivism (quantitative methodology)” and “non-positivism (constructivist or interpretivist)” models (Harrison, Birks, Franklin, & Mills, 2017). However, the post-positivist paradigm has also come to stay (William, 2020).

3.4.1. Positivism

According to Harrison (2017), the positivism hold the view that reality does not change. Reality is also constant that can be perceived and defined through an impartial lookout without interacting the problem being studied. They believed that an objective data can be obtained when a problem is observed severally and detached. This frequently includes the handling of certainty with disparities in only one autonomous variable so as to identify consistencies and to form relationships among some of the essential elements of the social world (ibid).

3.4.2. Post-positivism

Another philosophical position to this study is the post-positivism which is also called "critical realism". This school of taught have the view that reality is autonomous which is different from our thinking that can call for a scientific study (William, 2020). The view of the realist is directly opposing the view raised by the subjectivist. The subjectivist believed that there is no external study that can call for any study (ibid). The distinction that exist among the positivists and the post-positivist is that the post-positivist recognizes that reality is fallible and not stable. Also, the post-positivist have the view that the objective of science is to hold consistently to the objective of getting it right about reality. The post-positivist stresses the prominence of several actions and observations. The actions and observations may contain diverse mistakes which may require the use of triangulation over the several mistakes to determine reality situation (Harrison et al, 2017; William, 2020).

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3.4.3 Strengths of positivism position

The positivism research paradigm has the following strengths: It is a hypothetical opinion that is dependent on societal evidence, technical approaches and quantitative data (Harrison et al., 2017). Questionnaires, structured interviews structured non-participant observation are some of the approaches normally used by the positivists. The approaches are commonly use because of it objectivity and reliability (Thornhill, 2012).

Another strength of positivism is the generalization and collection of data on the same phenomenon and in a different context. According to Johnson (2014), the paradigm can simplify a research outcome when the research has been faked on many diverse populations and subpopulations.

In the use of this paradigm, upcoming expectations can be made due to the quantitative method to its study. The precision of positivism helps the researcher to make it useful for studying a large number of people. Also, it helps the research to pave way for further scientific studies (Reanim, 2016).

3.4.4 Weaknesses of the positivism position

One of the major weaknesses of positivist is the absence an in-depth analysis of a study problem (Johnson, 2014). When using this paradigm to produce numerical data, researchers are interested in getting short answers to their questions. This method does not give respondents a wider range of choice and restrict them from expressing their opinions (Hammersley, 2013). Positivist approach does not depend on only an individual response to deduce data. When the information has been gathered, summarized, analyzed and evaluated collectively, it does not take into consideration the distinct responses. Another weakness of this approach is based on inadequate validity. As the data is summarized together, the

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implication is that it can disrupt the reality thereby misplacing the accurate picture of the information collected. The approach of positivist also regularly results in the study to measure another thing instead of what the study claims to measure, this however leads the researcher not to produce an accurate picture of what it intended (Pham, 2018)

3.5. The study population and sample

3.5.1 Research Setting

Tamale is the capital city of the Northern Region of Ghana. It is located within the Savannah belt. The area shares boundaries with the Savelugu-Nanton District to the North, and with Yapei to the West Gonja District to the South. It also shares limitations with the Mion District to the East, and the Nyanpkala in the Tolon-Kumbungu District to the West (GSS, 2019).

According to the Ghana Statistical Services (2013), Tamale has a population of 371,000 people, comprising 185,995 males, and 185,356 females. The size of Tamale is approximately 922 km sq. (GSS, 2013). In terms of religion, the study area is dominated by Muslims (90.5%) followed by Christians (8.8%). About 0.5% of the population are traditionalist whiles 0.2% of them has no religious affiliation (ibid).

The major occupation of the people in the Metropolis is private establishments (businesses). About 83,229 persons are employed in the Metropolis. Out of the total estimated employed population, 11.3% are in the public sector while 83.2% are in the private informal sector. Small number of people (0.5%) are in NGOs (local and international). In the private informal sector, 45.9% are males while 54.1% are females (GSS, 2016). The larger populace are into agriculture. Figure 3.1 shows the political map of Tamale Metropolis.

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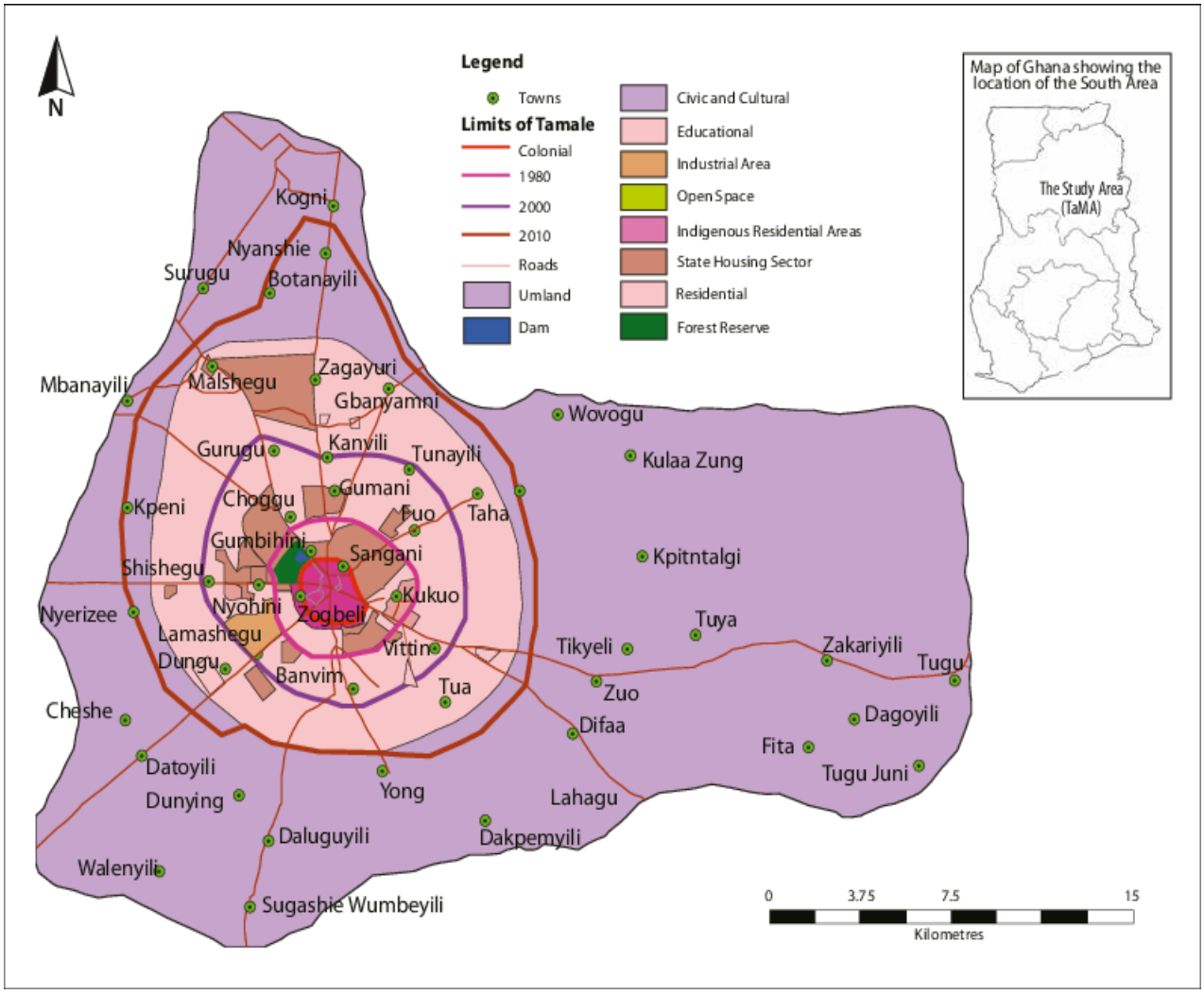
Figure 3.1 Map of political structure of Tamale Metropolis



Source: Ghana Statistical Service, 2016

3.5.2 Target population

The target population of a study according to Malhotra (2007) cited in Ibrahim (2014), is the "collection of people, elements or objects that possess the information sought by the researcher and about which inferences are made".

People who were targeted for this study were entrepreneurs who operate or are engaged in SMEs/businesses activities that have continuously been in operation for at least a year and

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also have at least one employee. They comprise SMEs owners (entrepreneurs) and employees of the SMEs sector. Other categories of people who were targeted for this study include officers from the National Board for Small Scale Industries (NBSSI), Ministry of Trade and Industries (MoTI), Association of Small Scale Industries (ASSI), Banks, Tamale Metropolitan Assembly (TMA) and Microfinance and Small Loan Centre (MASLOC). These study populations would contribute to ascertaining the impact of SMEs/businesses on the economic development in the Tamale Metropolis. The target population in the sample comprised of dressmakers, retail shops, carpenters, Shea butter processing enterprises, hairdressers, as well as the staff of selected banks and SMEs developmental organizations staff.

3.5.3 Sampling and sample size

The purpose of sampling is to ensure that conclusions can be made or drawn about the population being studied by studying the sample (Hammersley, 2013; William, 2020). The sample size involves a number of people that will be included in the study in order to obtain typical facts from the general public. It should be representative of its population to allow for an accurate judgment of the population based on what has been found about the sample to be investigated. According to the Integrated Business Establishment Survey (IBES - 2015), there were a total of about 615 SMEs/business in the Tamale Metropolis. This is illustrated in Table 3.1.

Table 3.1 Sectors of SMEs/Businesses in the Tamale Metropolis

Sector	Number of business	Number of people employed	Sample size
Agriculture	27	127	4
Industry	54	2,039	8
Service	534	7,369	74
Total	**615**	**9,535**	**86**

Source: Ghana Statistical Service - IBES Report (2015) and Author's construct (2019)

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The researcher determined the sample size for the study with the use of Slovin's formula for simple random sampling. According to Slovin's, sample size can be determined using $n = \frac{N}{1+Ne^2}$ Where n = sample size, N = total population (Total Number of SMEs/businesses) and e = the margin of error. N = 615 which is the sample, and margin of error is 10% (e) = 0.1.

Therefore, $n = \frac{615}{1+615(0.1)^2} = 86.013986914 \approx 86$ (nearest whole number). Thus, the sample size for the study was 86. In other words, 86 SMEs/business respondents consisting of agriculture, industry, services sectors and SME agencies were selected. The researcher used 99% level of confidence and 0.01 margin of error.

Stratified sample sizes were determined on each stratum (sector) using the Proportional Allocation Formula $n_i = \frac{n}{N} N_i$ - where n_i = the stratified sample size, n = sample size (86), N = total SMEs/businesses (615) and N_i = total number of business under each stratum (27, 54 and 534) respectively for agriculture, industry and service sectors. From each stratum, at least one person selected to participate in the study. The researcher help respondents who

could not read and write. The questions were read to them in Dagbani with the help of another person before options were selected.

3.6. Data sampling techniques – rationale, advantages, and disadvantages

Sampling techniques denote the appropriate techniques to get access to the respondents (Adjei, 2012). The most important thing to consider when selecting a sample is to take note of the sampling technique for the study (Bryman, 2015; Joseph 2016; Morgan, 2014). The researcher used a stratified sampling technique to select the study's sample. With this technique, the researcher puts the SMEs in the Tamale Metropolis into categories (stratum) with common characteristics. The researcher then adopted simple random sampling to select from each group-specific sample of SMEs to be used for the study.

It is obvious from the characteristics of SMEs that the activities of SMEs for this study are dissimilar in nature. This calls for stratification of the sample in the Tamale Metropolis. The stratified techniques are used when the population for the study are considered heterogeneous.

Ofori (2009) stated that separating the population into a succession of strata means that the sample was more likely going to be representative, as you can guarantee that each of the strata was represented proportionally within the sample. Considering the patterns of SMEs in the Tamale Metropolis, the following categories of SMEs can be recognized; chop bar operators/fast-food restaurants, wholesale shops/provisions, weaving and dressmaking, repair services, motorbike dealers, hairdressers/barbers, sachet water producers and many others.

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Advantages of Stratified Sampling

Stratified sampling for this study offers several advantages. The stratified method of sampling is good for this study because the researcher has grouped the target population into strata based on their characteristics and then selects from each stratum as a sample. Again, the stratified sampling has guarded the researcher to provide all inclusive representation. Finally, the stratified sampling has ensured sufficient sample points to help a different analysis of any sub-group.

Demerits of Stratified Sampling

Stratified sampling needs some amount of technical skills in it usage as compared to a simple random sample. This is because researchers need to know the numbers of people in each stratum so as to ensure a fair representation of each divided group. Again, the analysis is computationally more complex. Stratified sampling analyses involve some technicalities since members are grouped into a stratum (Lucy, 2013; Hammersley, 2013).

3.7. Research Instruments

Research Instruments are the tools used by researchers in the data gathering process. These include; questionnaires, interviews, tests, observations, and many others (Neil, 2010; Adjei, 2012; Bryman, 2015). The major data collection tool for this study was the questionnaire. A research questionnaire is design and manage to gather information for a particular purpose (ibid). A questionnaire may be an open-ended or close-ended. An open-ended questionnaire was employed because the researcher intended to obtain impartial answers to the research questions. The researcher also gave more options for respondents to select the best possible answer to a question. The close-ended questionnaire helped

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respondents to develop a preset response to some of the research questions. The closed-ended type of questionnaire is a widely used instrument for most researchers. Respondents are able to make fast and reliable judgment to every question that may asked (Sekaran & Bougie, 2010).

3.7.2 Pretesting of questionnaire

After designing the questionnaire, it was necessary to ascertain its suitability and applicability before proceeding with the main data collection. The final version of the questionnaire was pretested to make sure that there were no problems regarding the clarity of the questions for the research work. The questionnaires were pilot tested with 10 entrepreneurs and employees who were randomly selected in the Tamale Metropolis. The ten (10) initially tested entrepreneurs though were not among those selected for the study; they however shared the same characteristics. The pre-testing was not only done to ensure that all questions and instructions were clearly understood, but also to expose any item that would not generate useful data. The researcher also sought the assistance of experts who agreed that the questionnaire logically reflects what it has been set out to measure.

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3.8. Data collection procedure

The collection of data is a process where the researcher solicits accurate information for the purpose of the intended study. The data collected should be gathered in a systematic manner to enable the researcher to easily analyze the research questions (Rukenbrod & Laws 2013). Sources of data for this study are grouped into two main forms: primary and secondary data sources.

3.8.1 Primary data source

Primary data source is about data gathered from the field for the first time by a researcher in the process of research activity. This is often done by using tools such as; questionnaire administration, interviewing, and observation (Bryman, 2015; Morgan, 2014). The researcher carried out a field survey and collected a database on the research topic using only questionnaire administration in the Tamale Metropolis. The instrument used was very important for the study. This data was collected from employees of SMEs, managers/owners, and agencies of SMEs.

3.8.2 Secondary data

Secondary data concerns itself with the existing literature or from the results of earlier research activities. This normally exists in a form of books, journals, theses, applicable websites and many others (Morgan, 2014; Bazeley, 2012). This study makes good use of the above data sources including government/corporate (examples; NBSSI, GSS and RDG) reports from the Tamale Metropolis. The advantage of secondary data for this study was that cost involves was lower and more rapidly than primary data.

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3.9. Statistical techniques for data analysis

Data analysis refers to the procedures by which raw data is summarised and fine-tuned or organized in such a way as to answer research questions or achieved objectives of the research project (Bryman, 2015; Morgan, 2014; Bazeley, 2012). According to Creswell (2014 p.62), “analysis of data is a process of editing, cleaning, transforming, and modelling data with the goal of highlighting useful information, suggestion, conclusions, and

supporting decision making." The processes and techniques involved in data analysis depend on the strategy or approach adopted for a piece of research. Data from the field for this study was first exported into Excel, edited, and coded appropriately for analyses. The coding was intended to enable records entering for wide-ranging investigation. Data was investigated using Statistical Product and Service Solutions (SPSS) version 23. The SPSS provided quantitative results of responses in percentages and absolute figures presented on tables. The inductive interpretation of the quantitative data enhance understanding and easy generalization.

The researcher used one-way ANOVA with a post-hoc test to analyse the differences between the ages of respondents and sources of capital for entrepreneurs in the Metropolis. The researcher also used an independent Chi-Square to test the educational level and source of capital for respondents in the Metropolis. The test was conducted to find out whether there was a relationship between the level of education of respondents and the source of capital. Again, Chi-Square was used to analyse the level of education of respondents and business registration in the Metropolis. This was used to determine how the level of education of respondents can influence the business registration.

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3.10 Conclusion

This chapter offered processes and procedures involved in the data collection. This chapter dealt with the research approach, type, and design adopted for this study. The study defined the study theoretical position, provided an in-depth explanation of the adoption of the quantitative approach and why the case study design was the preferred option. Also, the chapter provided a description of how data quality and data analysis process was carried out. Data sampling techniques, instrumentation and pretesting of questionnaires were

presented in the chapter. The chapter indicated a statistical technique (SPSS) that was used for the data analysis and presentation. The next chapter presents the results of the analysis.

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CHAPTER FOUR

DATA ANALYSIS AND RESULTS

4.1. Introduction of the chapter

This chapter offers systematic presentation of information with respect to the research questions guiding the study. The researcher classified this chapter into two distinct forms. The first part of the classification dealt with demographic analysis of the data and the second classification discusses the main research questions. The demographic characteristics analysed the gender, age range, response rate and educational background.

4.2 Preliminary analysis of data

This section presents an analysis of the characteristics of respondents. The researcher presented 86 questionnaires for the respondents to provide responses to them. Respondents administered and returned 85 questionnaires. One questionnaire was not returned. Table 4.1 below shows the representation of the questionnaires.

Table 4.1 Response rate of participants

Questionnaire	Number	Frequency (%)
Returned	85	98.8
Unreturned	1	1.2
Total	**86**	**100**

Source: Researchers' field survey, 2020

Gender of respondents

Data for the questionnaire were solicited from both male and female entrepreneurs. Out of the 85 selected respondents to the questionnaire, 37(43.5%) were males and while 48(56.5%) were females. Table 4.2 shows the gender of respondents.

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Table 4.2 Analysis of gender of respondents

Gender	Number	Frequency (%)
Male	37	43.5
Female	48	56.5
Total	**85**	**100**

Source: Researchers' field survey, 2020

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Age of respondents

The data analysis in Table 4.3 shows the age groups of respondents. The analysis shows that respondents who were within the ages of 18-25 years were 5(5.9%). Respondents within the age group of 26-35 years were 22(25.9%). Those within the age group of 36-45 years were 44(51.8%) and respondents from 46 years and above were 14(16.5%). From the figures presented, the majority of respondents fall within the age group of 36 – 45.

Table 4.3 Age distribution of respondents

Age Group	Number	Frequency (%)
18 – 25	5	5.9
26 – 35	22	25.9
36 – 45	44	51.7
46 – and above	14	16.5
Total	**86**	**100**

Source: Researchers' field survey, 2020

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Level of education of respondents

Table 4.4 shows the analysis of the educational level of respondents. It shows that 13(15.3%) respondents did not go to school at all. Respondents who attained a basic level of education were 17(20.0%). Those who have secondary education were 39(45.9%) while those with tertiary level education were 16(18.8%). The study indicated that 25(29.4%) respondents were the majority who had basic education and the least was 16(18.8%) for those who obtained tertiary education.

Table 4.4 Educational background of respondents

Level of education	Number	Frequency (%)
None	13	15.3
Basic	17	20.0
Secondary	39	45.9
Tertiary	16	18.8
Total	**85**	**100**

Source: Researchers' field survey, 2020

4.3 Analysis of data with respect to research questions

The study analysed the data collected with respect to the major characteristics of SMEs, the influence of SMEs on economic growth and development and the challenges associated with SME operations in the Tamale Metropolis. Characteristics of SMEs were analysed based on the type of business activity, business ownership structure, the legal status of businesses and sources of capital. The data analysis with respect to the research questions are discussed below.

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4.3.1 Research question 1: What are the characteristics of entrepreneurs in the Tamale Metropolis?

Legal status of businesses

The legal status of businesses was analysed to show the number of businesses that were registered and those not registered in the Tamale Metropolis. Out of a total of 85 respondents, 44(51.8%) confirmed their businesses were registered with the Registrar General Department (RGD). The remaining 41(48.2%) had not registered with the RGD. However, the 41(48.2%) unregistered businesses indicated their businesses were operating under the authority of the Tamale Metropolitan Assembly (TMA). Table 4.5 shows the legal status of businesses in the Metropolis.

Table 4.5 Legal status of SMEs in the Tamale Metropolis

Status	Number	Frequency (%)
Registered	44	51.8
Unregistered	41	48.2
Total	**85**	**100**

Source: Researchers' field survey, 2020

Type of business activity

Four major business activities were identified from the respondents, namely: the retail business, manufacturing, services, and agriculture (farming). The analysis of the business activities indicated that 41(48.2%) of the respondents were into retail trading. The second dominant business activity was the services which accounted for 31(36.5%). The remaining

were in the agricultural 8(9.4%) and manufacturing 5(5.9%) sectors. Table 4.6 shows the types of business activities in the Tamale Metropolis.

Table 4.6 Types of business activities in the Tamale Metropolis

Business activity	**Number**	**Frequency (%)**
Retail business	41	48.2
Services	31	36.5
Agriculture	8	9.4
Manufacturing	5	5.9
Total	**86**	**100**

Source: Researchers' field survey, 2020

Business ownership structure

The business ownership types that existed among respondents were the sole proprietorship, partnership, and joint venture. The analysis indicated that 70(82.4%) of respondents were into sole proprietorship. Those in partnership were 10(11.8%) while the remaining 5(5.9%) were into joint ventures. Table 4.7 shows the business ownership types in the Tamale Metropolis of the Northern Region of Ghana.

Table 4.7 Business ownership structure in the Tamale Metropolis

Ownership type	**Number**	**Frequency (%)**
Sole proprietorship	70	82.4
Partnership	10	11.8
Joint Venture	5	5.9
Total	**86**	**100**

Source: Researchers' field survey, 2020

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Sources of business capital

The results shows that 50(58.8%) respondents got their business capital from personal savings. Respondents who got their business capital from family and friends were 21(24.7%). Those who relied on loans from banks and other microfinance institutions were 14(16.5%). Table 4.8 shows the sources of business capital to entrepreneurs in the Tamale Metropolis.

Table 4.8 Sources of business capital in the Tamale Metropolis

Source of capital	Number	Frequency (%)
Personal savings	50	58.8
Borrowed from family and friends	21	24.7
Loan from banks and financial institutions	14	16.5
Total	**86**	**100**

Source: Researchers' field survey, 2020

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4.3.2 Research question 2: What is the extent of influence of SMEs on the socio-economic development of the people in the Tamale Metropolis?

The influence of SMEs on economic development in the Tamale Metropolis

Respondents demonstrated the reasons they go into business establishments and the influence of those businesses on the socio-economic development in the Metropolis. The data in Table 4.9 indicated that there are many considerable factors in the Metropolis that reflect a constructive connection among SMEs operations and economic progress in the Metropolis. Respondents were provided with some thematic areas to determine the impact of SMEs by indicating 'YES' or 'NO' to each thematic area. They indicated 'YES' to

support an idea and others indicated 'NO' in disagreement with the idea. Table 4.9 shows respondents' views about the influence of SMEs on economic development in the Tamale Metropolis.

Table 4.9 Influence of SMEs on the socio-economic development of people in the Tamale Metropolis

Thematic Area	Yes	Frequency (%)	No	Frequency (%)
To make an income	82	96.5	3	3.5
For employment	80	94.1	5	5.9
To gain career control	72	84.7	13	15.2
Promote standard of living	75	88.2	10	11.8
Poverty reduction	82	96.5	3	3.5
Provide credit sales to others to meet their needs	46	54.1	39	45.9
Promote infrastructural development	32	37.6	53	62.4
Revenue generation	77	90.6	8	9.4

Source: Researchers' field survey, 2020

Respondents indicated that SMEs have an influence on infrastructural development in the Tamale Metropolis. From the analysis, 53(62.4%) of the respondents indicated there was inadequate infrastructural development in the Metropolis. About 20% of respondents mentioned there are housing and electricity due to SMEs activities in the Metropolis.

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4.3.3 Research question 3: What are the challenges associated with SME operations in the Tamale Metropolis?

Challenges facing the SMEs sector in the Metropolis

From the data collected, 30(35.3%) respondents ranked financial constraints as a major challenge to their business operations. Inadequate education and training were ranked second with 16(18.8%) respondents. Many of the respondents believed that COVID-19 is a major factor in recent times militating against business growth and development. It was ranked third among the factors. High tax rate was ranked fourth with 13(15.3%) respondents. Low patronage of local goods and services had 9(10.6%) respondents. Competitions from large scale enterprises were ranked sixth with 3(3.5%) respondents. Table 4.10 shows how respondents ranked the challenges facing the SMEs sector in the Metropolis.

Table 4.10. The challenges militating against SMEs in the Tamale Metropolis

Challenges	Rank	Number	Frequency (%)
Inadequate access to credit facilities	1st	30	35.3
Inadequate education and training	2nd	16	18.8
Impact of COVID-19	3rd	14	16.5
High tax rate	4th	13	15.3
Low patronage of local goods	5th	9	10.6
Competition from large scale enterprises	6th	3	3.5
Total		**85**	**100**

Source: Researchers' field survey, 2020

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Role of government and other agencies in promoting SMEs

The growth and development of small businesses are serious concern for every government and other stakeholders. Many scholars have acknowledge the involvement of governments and other establishments for the important role they played in promoting SMEs in Ghana (Abor & Quartey, 2010).

Respondents rated the role of government and other stakeholders support by giving excellent, good, average, and poor. Those who rated excellent were 2(2.4%), those who said well were 7(8.2%). About 20(23.5%) respondents rated their support by giving average. The majority of respondents numbered 56(65.9%) rated their support poor. Table 4.11 shows how respondents rate the role of government and other agencies on SMEs' growth in the Metropolis.

Table 4.11 Response rate of government and other stakeholders support to SMEs

Response rate	Number	Frequency (%)
Excellent	2	2.4
Good	7	8.2
Average	20	23.5
Poor	56	65.9
Total	**85**	**100**

Source: Researchers' field survey, 2020

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4.4 Hypothesis Testing

Hypothesis 1: There is no significant relationship between one's age and the source of business capital

The one-way ANOVA was employed to test the influence of age on the source of capital of respondents for business operations. All decisions of statistical significance or otherwise is made at p= 0.01. From Table 4.12, the sig. value derived is .000, implying there are statistically significant differences among the age of respondents and their source of capital.

Table 4.12 ANOVA for Source of capital and age of respondents in the Metropolis

	Sums of squares	df	Mean square	F	Sig.
Between Groups	1960.911	2	980.456	53.595	.000
Within Groups	1500.077	83	18.294		
Total	3460.988	85			

Source: SPSS analysis, 2020

Since the Sig. value in Table 4.12 is less than 0.01, a follow-up test (Post-Hoc test) was accompanied to find out which pairs of means are significantly different and which are not. Table 4.13 shows the Post-Hoc tests between the ages and source of capital of respondents.

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Table 4.13 Post-hoc test between the source of capital and age of respondents

Sources of Capital (I)	sources of Capital (J)	Mean Dif. (I-J)	Std. Error	Sig.	99% confidence interval	
					Lower Bound	Upper Bound
1	2	-4.769*	1.112	.000	-7.42	-2.11
	3	-13.198*	1.293	.000	-16.28	-10.11
2	1	4.769*	1.112	.000	2.11	7.42
	3	-8.429*	1.476	.000	-11.95	-4.91
3	1	13.197*	1.293	.000	10.11	16.28
	2	8.429*	1.476	.000	4.91	11.95

***significant effect**

From Table 4.13, all the Sig. values in groups 1, 2, and 3 are less than .01 and asterisks (*) are marked against all the values at the mean column. This implies that age has a significant relationship with the sources of income for businesses.

Hypothesis 2: There is no significant relationship between level of education and the source of business capital

The study proposed to test independent assumptions between the respondent's level of education and source of capital with the use of Chi-Square. From Table 4.14, the sig. value for the test is .000 which is less than .01. This means that there is a significant relationship between the level of education of respondents and their sources of capital.

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Table 4.14 Relationship between education and source of capital

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	133.300[a]	6	.000
Likelihood Ratio	128.975	6	.000
Linear-by-Linear Association	64.399	1	.000
N of Value Cases	85		

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Hypothesis 3: There is no significant relationship between one's level of education and legal status of business (business registration).

The researcher explored further the relationship between respondents' level of education and the legal status of their businesses using Chi-Square. The results in Table 4.15 show that the sig. value for the test is .000. This means that majority of the respondents with some level of education had their businesses registered.

Table 4.15 Relationship between the level of education and business registration

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	77.631[a]	3	.000
Likelihood Ratio	103.791	3	.000
Linear-by-Linear Association	62.469	1	.000
N of Value Cases	85		

Source: SPSS analysis, 2020

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CHAPTER FIVE

RESULT DISCUSSIONS, CONCLUSION, AND IMPLICATIONS

5.1. Overview to the chapter

Chapter five of this research work discusses the results obtained from the analysed data from which conclusions are made and implications are drawn. Moreover, appropriate recommendations and areas for further studies are suggested.

5.2. Discussion of results respective to research questions

Chapter one of this research work highlighted the overall aim which was intended to assess the influence of SMEs on the socio-economic development of entrepreneurs in the Tamale Metropolis of the Northern Region of Ghana. This has to do with the general standard of living of the people, poverty reduction, education and many other things. The general research aim was steered by well-structured study questions, these research questions were;

1. What are the characteristics of entrepreneurs in the Tamale Metropolis?
2. What is the extent of influence of SMEs on the socio-economic development of the Tamale Metropolis?
3. What are the challenges associated with SME operations in the Tamale Metropolis?

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5.2.1 Investigation request 1: What are the characteristics of entrepreneurs in the Tamale Metropolis?

Gender

This study discussed the characteristics of entrepreneurs and businesses in the Metropolis. Data collected revealed that there were more females (56.5%) than males (43.5%) in the SME sector. The analysis of gender in the Metropolis demonstrated the dominance of

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women in business activities in the Metropolis and the country at large. This is supported by the Population and Housing Census (2010) that indicated female population as 51% and 49% male population in the Tamale Metropolis. This was also supported by the Ghana Statistical Service (2012) which confirmed national female population of 51.2% in the country. However, the world population shares a divergent view with respect to the women population globally. According to United Nations (2017), out of about 7.7 billion total population around the world, 49.6% are female. Nevertheless, these data presented implied that women are essential components when it comes to development in the society. Their contributions can never be underestimated hence should be encouraged (Akanganngang, 2016). It was also revealed that SMEs' operations are effective in the Metropolis because the majority of respondents fall between the energetic working age group of 18–46 years old. This group formed about 84% of the respondents. The implication is that substantial number of the youth are engaged in entrepreneurship. When much attention is given to this particular age group, poverty and low standard of living would be the things of the pass thereby promoting the socio-economic development in the society.

Data gathered and analysed reveal that about (55%) businessmen (respondents) could not read and write in the English Language. This implies a high illiteracy rate in the Metropolis. The GSS (2010) reported that, about 54.8% of the population 11 years and older in the Tamale Metropolis is literate in English and Ghanaian Languages. Meaning that 45.2% of the population are illiterate. The analysis of hypothesis 2 revealed that literacy rate has a good influence with respect to growth and improvement of businesses in the Metropolis. Businesspersons who have some level of education are capable of keeping rudimentary business accounts. They are able to develop proper plan for their businesses that can help

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them to get financial assistance from the financial institutions. This study indicated that women's education in the Metropolis is very low as presented in the 2010 Population and Housing Census. This low level of education limits business growth and operations. Also, the study discovered that lack of education may hinder the ability of entrepreneurs to search for available useful services from the NBSSI and or other agencies to boost business progress. This findings lend credence to Bouazza et al. (2015) which states that, businesses in Algeria are disadvantaged by numerous issues including finance, low education, technological capacities and many other factors.

Ownership structure and business activity

This research work presented a result that discovered a large respondents (74.7%) in the Metropolis as being sole proprietors. Shivangi (2020), indicated that the dominance of sole proprietorship in an economy shows a low level of professional skills and talent development, incurring of losses, poor bargaining position, limited scope of expansion and can easily collapse. However, Samriti (2019) stated that sole proprietorship are easy to form, operation is simple and one person claims profit. This implies that for the Metropolis and Ghana as a whole can develop better, business men should develop the habit forming joint or partnership businesses. From the study, about 21.8% of SMEs are into partnerships, those businesses are mostly into agriculture. The result shows that the predominant business ownership type is the sole proprietorship and retail business is the major business activity in the Metropolis. Also, the data collected indicated that agriculture has a high potential of eradicating extreme hunger and prompting a reduction in the poverty level of the citizenry. The region is covered with vast and fertile land for the cultivation of rice, maize, millet, yam and other crops for the country's consumption and transportation (IBES,

2017). However, the field survey has indicated that the agriculture sector has some major factors militating against its progress, some of which were; inadequate farm inputs, insects destructions of crops, high cost of fertilizers and lack of irrigational. Others include; inadequate support from the government and inadequate monetary support to farmers. The study has further indicated the major business activity in the Metropolis which was retail trading.

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Legal status

Business registration (legal status) is one of the fundamental bases for accessing financial assistance from banks, micro-finance institutions and governments. The disbursement of COVID-19 financial assistance by NBSSI to Ghanaian business men and women requires the registration certificates and tin-numbers of all businesses (NBSSI, 2020). This indicates that business registration and financial access have progressive association. The study revealed that only 48.2% of SMEs are registered with RGD and about 51.8% claimed they are operating under the authorization of TMA. Businesses operating under the jurisdiction of only TMA does not qualify them for financial assistance from financial institutions. Thus, many businesses cannot access financial assistance from the financial institution because they do not have the legal certificates issued by RGD to operate. This has affected many businesses leading to many of them being collapsed. It has also made business owners only rely on personal savings for the running of their businesses.

5.2.2 What is the extent of influence of SMEs on the socio-economic development in the Tamale Metropolis?

The influence of SMEs in our societies can never be under estimated. Policy makers NGO's and every individual has envision numerous impact business operation in our localities.

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Business operation serves as promoter and sustainer of every economy (GPRS II, 2005). The World Bank (2013) indicated that the rural and urban differences are mostly breached through the proper operation of SME in a nation.

This study discovered the reasons people go into business establishments in the Metropolis. The study rated income generation as the number factor people go into business. This indicates the low level of standard of living of the people since many of the entrepreneurs and their families rely on the businesses for their basic needs. The study also reveals that SMEs help to decentralize industries thereby creating jobs, accelerating rural development, and also stemming from urban immigration and the consequent problems of congestion in the cities of Kumasi and Accra. Small and Medium Enterprises utilize local raw materials that do not require high-level technology to process, and this provides an effective means of mitigating rural-urban migration and resource utilization. When consumers patronize local goods and services, they are essentially giving money to their local communities. A thriving local business will generate a high level of revenue, which means that the business will pay higher taxes to the government.

The study discovered the potentials of the SME sector in boosting and socio-economic standard of the Metropolis. The sector is the main avenue for generating income to feed the family and solve social issues that they are confronted with. The sector also helps in job creation, gaining career control, and also a tool for managing large family system. It shows that SMEs are the major contributors to increasing tax revenue and other tax levies for local tax authorities in the Tamale Metropolis.

Ghana has taken bold steps to minimize the extent of borrowing from the World Bank and other develop countries for its developmental projects. Data collected from the field survey

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presumed that promoting the growth and development of SMEs can be a major factor for Tamale Metropolis and Ghana at large to achieve the agenda of moving beyond aid. The outline for achieving Ghana beyond Aid has certain essential elements, some of which are; improved standard of living, poverty reduction, high revenue generation, improved local production of goods and services, employment creation, technology and innovation. However, the study discovered that since SMEs can help achieved the above mention, it can also be a major tool to stimulate the achievement of Ghana beyond Aid.

The influence of SMEs on economic development means that societies benefit more from its operations. Corporate Social Responsibility is typically presented as a company's policy that governs its activity to create a positive impact on key areas of importance in the society. This study has identified four major CSR of SMEs in the Tamale Metropolis, these are; support to educational activities, support to the needy, support to environmental and health issues and agriculture support. The study reveals that CSR helps in creating corporate bond among the owners, managers, employees and community members.

Policy makers in low and developing countries are now resulting to reconstructing the SME sector to promote development. The most important among them is poverty. According to the study GLSS7 (2017), two major poverty indicators (poverty incidence and poverty gap) were used to measure the poverty level in Ghana. An estimated 6.8 million Ghanaians were poor in 2005/2006 of which the five Northern Regions took 71% of the total poverty level. About 4.3 million people were estimated poverty level in the 2011/2012 and the five Northern Regions takes 61%. The projected poverty level was 2.4 million people in 2016/2017 of which the five Northern Regions has 67.2% (GLSS7, 2017). The 2017 GLSS7 also projected 2.2 million Ghana are wallowing in extreme poverty, these people

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are mostly coming from the rural communities of Ghana and the five Northern Regions had 68.1% level of extreme poverty. However, these figures shows a national decline in poverty level but the Northern part of Ghana still suffers a high and an increase in poverty level. This invariably implies that the level poverty is still high and drastic measures need to be taken to reduce the menace. Data collected from the field indicates that business operations are seen as an effective tool to curb the menace of poverty in the Tamale Metropolis and the Northern Region at large.

The data from the GLSS7 (2017) has presented detail highlights of the poverty issue in Northern Region which should be taken serious. Poverty situation in Northern Region is a matter of concern to many development agencies and NGOs. Governments and other development partners are adopting pragmatic measures which include the promotion of SMEs to reduce the menace of poverty situation in the region and the country as a whole. Some of the measures by the governments of Ghana in the pursuit to increase the income level are; Poverty Alleviation Fund (PAF), Livelihood Empowerment Against Poverty (LEAP) and empowering business operations. Governments also provide common fund for Metropolitan, Municipal and District Assemblies (MMDAs) from the central government to help fight against poverty. The PAF and LEAP were proposed policies to reduce poverty in the MMDAs. Agriculture promotion was targeted along business establishments.

The study illustrated that poverty situation in the Metropolis is high. Pragmatic measures should be taken through SMEs to reduce drastically the menace of the high poverty rate. This study discovered that people are willing to go operate businesses to improve their live and the society as a whole, hence their effort should be promoted. The study indicated that entrepreneurial activities have ensured economic growth and the wellbeing of the poor

hence a reduction in poverty. The 2030 programme for the Sustainable Development Goals (SDGs) contained 17 justifiable development goals. Promoting SME will go a long to achieving goal 1, 2 and 8.

Dealing with poverty in the Metropolis is also in connection with the International Labour Organization (ILO) approach. The ILO stated that poverty is a major factor that eats deep into societal growth but can be uprooted through business operation and promotions (ILO, 2015).

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5.2.3 Research question 3: What are the challenges associated with SME operations in the Tamale Metropolis?

The study results indicated that SMEs in the Metropolis are faced with numerous challenges that hinder their general operations. The study discovered some challenges affecting SMEs' operations such as; financial constraints, inadequate government, support, high tax rates, lack of education and training, low patronage of local goods and competitions. In relation to this study, Adjei (2012) examined the key challenges of SMEs in the Central Region of Ghana. Adjei's work revealed trade liberalization, illiteracy rate, business registration from RGD and financial constraint were the major challenges affecting the growth and operations of business operations in the Central Region of Ghana. This research work postulated the major barriers militating against the successful operations of SMEs in the Tamale Metropolis. Respondents shows in ranks the degree of challenges that they faced in their business operations. They generally agreed that inadequate access to credit facilities, inadequate education and training, extraordinary tax system, low patronage of local produce goods and services and competition from large scale enterprises were challenges affecting their operations. Nonetheless, respondents

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ranked finance as the one most important bottleneck that hampers the operations of their businesses. This study is supported by the views of Joseph et al. (2017). Joseph examines the financial determining factors in promoting business growth in Ghana. His study discovered financial constraints as the key independent factor affecting businesses in Ghana. The internal and external finances of businessmen in Ghana are woefully not adequate enough to boost the effective role in the society. His study also discovered that small businesses are not able to access finances in Ghana as compare to the large scale businesses. Joseph (2017) proposed that recognizing a unique financing source for businesses might add up to the socio-economic progress through the creation of jobs and increase community development.

Respondents ranked the impact of COVID-19 as the third major factor affecting their businesses. Coronavirus is not only a health problem but also a developmental crisis with an enormous impact on the economy, education, businesses, agriculture and many others. The Ghana Statistical Service (2020) reported that, coronavirus has caused a devastating impact on the business development of Ghana. The pandemic has led to about 115,000 businesses either permanently or temporarily shut down their operation all over the country. The service sector is most affected area constituting about 55% of the business being closed (GSS, 2020). The pandemic has caused more than 45,000 employees jobless during the partial lockdown. This was severely experience by those at the accommodation and food sector (ibid). The government of Ghana adopted a good step intervention of providing financial assistance (about ¢600 million) in form of loan to stimulate businesses to withstand the hazards of the

pandemic. However, this research discovered that most businesses still cannot access the financial assistance by the government.

5.3. Conclusions drawn from the study

From the study results and discussions, the following conclusions were drawn;

1. Females dominate the SME sector than men in the Tamale Metropolis.
2. Level of education of respondents has good relationship with business management in the Metropolis.
3. Business operations are seen as major boost to the socio-economic progress of people in the Tamale Metropolis and Ghana at large.
4. Majority of entrepreneurs in the Metropolis do not patronize credit facilities including bank loans because of collateral and interest rate.
5. Family labour and casual staff are other factors that undermine the potential benefits derive from SMEs. .
6. Opportunities such as large and fertile farmland for farmers, education and training, credit availability, appropriate policy development and many others should be taken seriously. When the government and other stakeholders pay much attention to these factors, it can promote SMEs to help in achieving the agenda of Ghana beyond aid, the SDGs and the economic development in the Tamale Metropolis.

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5.4. Inferences drawn from the Study Findings

The following implications were drawn after careful data collection and analysis of the research results and discussions, theses were;

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Women dominance in SMEs operation implied that more women in the Metropolis are engaged in the informal sector than men due to the inadequate schooling of women.

Inadequate schooling implied that many entrepreneurs in the Metropolis do not have bank accounts for their businesses, poor financial records keeping, poor planning, and low zeal in patronizing financial services. The researcher discovered that inadequate schooling and training of respondents is statistically substantial to their source of capital and business registration. This implies that respondents with the secondary and tertiary levels of education have the upper hand to access credit facilities from banks and other sources than those with no or basic level education. They are able to read and understand what is involved when going in for a loan. The analysis has further established that the link that exist in the educational level of respondents and their business registration shows an important indication.

The role of businesses operations in our current economic dispensation cannot be underscored in the individual upkeep, society growth and the nation at large. As Louise (2016) in South Africa investigated the binding factors of business progress and that of economic growth and development. His study determines that SMEs in South Africa had an affirmative influence with respect to the living standard of people in the country.

This study proposed that financial constraint to business operations in the Tamale Metropolis can be nip in the bad when businessmen adopt the habit of merging and forming joint ventures to build a strong force. The process of small businesses coming together to form one big force would open windows of opportunities to access finance, offer proper management and above all sustain business growth and development. This implies that availability and access to credit facilities can promote the expansion of SMEs to employ

more people and provide better life for business owners in the Metropolis and Ghana at large. This study has revealed other challenges militating against the SME sector in the Metropolis. This implies that those factors should be mitigated to propel business growth. Generally, this study outcomes highlighted the significant duties performed by business operation the Tamale Metropolis and the country at large. The study outcomes agreed with the scholarly views of businesses not performing very well due to both internal and external factors. The study proposed that when SMEs are properly supported in the Metropolis and Ghana at large, it would be used as a road map to achieving the 2030 agenda for SDG 1 and promote the agenda of 'Ghana beyond Aid'.

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5.4.1 Recommendations

The study has propose the following recommendations grounded on the results and findings in the Tamale Metropolis:

1. Effective entrepreneurship education (teaching and learning) starting from the basic level to the tertiary levels should be incorporated into our instructional curriculum for people to learn. Governments and other stakeholders should put emphasis on adopting sophisticated measures to sustain the study.
2. Empowering effective agencies such as NBSSI, MASLOC, NDA and many others to perform due diligence in their roles and responsibilities of boosting the SMEs sector.
3. Accurate national, regional and district laws should be formulated to provide conducive environment for the proper business operation in Ghana.

4. The youth should be empowered and trained to form joint businesses with persons of the same vision. This can help to build a strong forces to become large corporations and to mitigate the occurrences of challenges.

5.5. Contribution to knowledge

The study is one of the few studies that focused on the influence of business operations (SMEs) in the Tamale Metropolis of the Northern Region of Ghana. The findings of this research would contribute to taking Ghana into the next level of prosperity and self-reliant. This study will help to transform our educational sector by instilling in people good moral and attitude, hard work and acquisition of essential skills and competence in entrepreneurship to build ourselves and mother Ghana.

The study concluded that SMEs are the catalyst for creating employment, source of income generation for government and enhancing socio-economic growth and development in the Tamale Metropolis and Ghana at large. The study demonstrated how SMEs can help in achieving the agenda of Ghana beyond aid and the Sustainable Development Goals 1, 2 and 8.

Also, the study discovered finance that access to credit is a serious barrier for entrepreneurs in Tamale Metropolis. The financial challenge is influenced mostly by specific characteristics of the firm such as firm innovation, registration, location, possession of bank account and have audited financial statements. However, the owner's gender and experience, as well as firm size and ownership of land does not show a relevant influence for business access to credit.

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5.6 Suggested area for further studies

This study suggested a study to explore the influence of Innovation and Technology on business prospectus Tamale and Ghana at large. This study discovered a wide breach that exist between small scale businesses and the innovations and technology in Northern Ghana. No documentary evidence on the impact of innovation and technology of SMEs in the Northern Region has been discovered paving way for researchers to inquire in other to help the society at large. It explored all avenues to find success factors of SMEs on economic development in the Metropolis and also finds possible challenges facing the sector. Future studies should consider researching into the need for entrepreneurs to adopt joint ventures or partnership business model as a major tool for promoting socio-economic development in Ghana.

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APPENDIX A

QUESTIONNAIRE

The questionnaire is part of a survey being conducted in partial fulfillment of MPhil Development Education from the University for Development Studies (UDS) on the topic **'the influence of Small and Medium Enterprises (hereafter SMEs) on economic development in the Tamale Metropolis.'** This data is purposely for academic work and every information provided will be handled confidentially. You are therefore kindly requested to provide accurate answers to the questionnaire. Your co-operation and support will be appreciated.

SECTION A: PERSONAL INFORMATION OF RESPONDENT

Please tick in the appropriate box and or provide further information where applicable.

1. Respondent's gender a. Male ☐ b. Female ☐
2. Age of respondent
   a. 18 – 25 ☐ b. 26 – 35 ☐ c. 36 – 45 ☐ d. 46 and above ☐
3. Marital status
   a. Single ☐ b. Married ☐ c. Divorced ☐ d. Others ☐
4. What is your level of education?
   a. None ☐ b. Basic ☐ c. Secondary ☐ d. Tertiary ☐

SECTION B: BUSINESS CHARACTERISTICS

5. What is the name of your business/enterprise?

   ……

   ……

6. What type of business activity are you into (Please tick as appropriate)?

   a. Retail businesses ☐ b. Services ☐

   c. Agriculture ☐ d. Manufacturing ☐

7. What type of business ownership structure exist in the Tamale Metropolis

   a. Sole proprietorship ☐ b. Partnership ☐

   c. Joint venture ☐

8. How many people has your business employed for the past three years?

   a. Less than 5 ☐ b. 5 to 10 ☐ c. 11 to 19 ☐ d. 20 and above ☐

9. How many people do you expect your business to employ in the next two years including full and part time workers?

   a. 10 – 19 ☐ b. 20 – 29 ☐ c. 30 – 39 ☐ d. 40 and more ☐

10. How long has your business been in operation?

    a. 1 – 3 years ☐ b. 4 – 6 ☐

    c. 7 – 9 years ☐ d. 10 and above ☐

11. Is your business registered with Registrar General's Department (RGD) of Ghana?

    a. Yes ☐ b. No ☐

12. What work do you do in addition to your business?

    ……

13. How did you get your business capital?

    a. Personal savings from other jobs ☐ b. Borrowed from family friends ☐

    c. Loan from banks and financial institutions ☐

14. What is the level of capital required for the operations of this business?

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a. Less than GH¢10,000 ☐ b. GH¢10,000 - 50,000 ☐

c. GH¢50,000 - 100,000 ☐ d. GH¢100,000 and above ☐

SECTION C: THE INFLUENCE OF SMEs/BUSINESSES IN THE TAMALE METROPOLIS

15. What were your reasons for going into a SME? (Please tick all that apply).

a. To make an income ☐ b. To create employment ☐

c. To gain control over your career ☐ d. To fulfill your vision ☐

e. You had an idea for a business ☐ f. Just to be called an entrepreneur ☐

g. You want to have control over your own work environment ☐

h. You enjoy working for yourself and leading other people ☐

16. How many people are working in your business?

a. 1 – 7 ☐ b. 8 – 14 ☐ c. 15 – 21 ☐ d. 22 above ☐

17. Do you agree that SMEs plays a pivotal role in the development of the economy of Tamale Metropolis?

a. Strongly Agree ☐ b. Disagree ☐ c. Agree ☐ d. Strongly ☐ Disagree

18. 14. Which range below best describes your business' most recent monthly sales?

a. Less than GH¢5,000 ☐ b. GH¢5,000 - GH¢7,500 ☐

c.GH¢7,500 - GH¢10,000 ☐ d. Above GH¢10,000 ☐

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19. How do you agree to the assertion that "there is a big connection between the various levels of poverty, hunger and economic well-being of the society and the general condition of various SMEs in the Tamale Metropolis"?

    a. Strongly Agree ☐ b. Disagree ☐ c. Agree ☐

    d. Strongly Disagree ☐

20. Do you always pay tax to government? If yes, answer question 21

    a. Yes ☐ b. No ☐

21. Which range below best describes the total amount of tax you pay monthly?

    a. Less than GH¢50 ☐ b. GH¢100 - GH¢200 ☐

    c.GH¢50 - GH¢100 ☐ d. Above GH¢200? (Please state) _____

22. What is your family size depending on you for a living?

a. 1 – 3 ☐ b. 4 – 6 ☐ c. 7 – 9 ☐ d. 10 and above ☐

23. What corporate social responsibility does your business engaged in?

    a. Support educational activities ☐ b. support to the needy ☐

    c. Environmental and health issues ☐ d. Agriculture support ☐

    e. Others (Please specify)……..

24. Can SMEs assist the country to achieve the agenda of 'Ghana beyond Aid'?

    a. Yes ☐ b. No ☐

25. How can SMEs contribute to achieving the agenda of 'Ghana beyond Aid'?

    (Please tick all that apply).

    a. Contribute to local production of goods and services ☐

    b. Revenue generation to the government ☐

    c. Opportunity for Ghana to receive more aid from other countries ☐

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d. Intentions to grow turnover and employment ☐

e. Technological development and innovation ☐

f. Improve the standard of living of the people ☐

g. SMEs have the remarkable ability to fuel economic growth and development ☐

SECTION C: CHALLENGES FACED BY SMEs

26. In your opinion, do you think SMEs have challenges in their operations?

a. Yes ☐ b. No ☐

27. Rank the following challenges facing your business/SMEs in the Tamale Metropolis?

a. High tax ☐ b. Inadequate Education and training ☐

c. Inadequate access to credit facilities ☐ d. Impact of COVID-19 ☐

e. Competition from large scale enterprises ☐

f. Low patronage of local goods ☐

28. How would you rate government's support to SMEs in the Tamale Metropolis?

a. Excellent ☐ b. Good ☐ c. Fair ☐ d. Poor ☐

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APPENDIX B

ONEWAY AGE BY SOURCE OF CAPITAL

/STATISTICS DESCRIPTIVES HOMOGENEITY BROWNFORSYTHE WELCH

/PLOT MEANS

/MISSING ANALYSIS

/POSTHOC=TUKEY ALPHA (0.05).

Oneway Descriptives

AGE

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum
					Lower Bound	Upper Bound	
1	50	34.66	5.286	.748	33.16	36.16	23
2	21	39.43	2.226	.486	38.42	40.44	36
3	14	47.86	1.562	.417	46.96	48.76	46
Total	85	38.01	6.419	.696	36.63	39.40	23

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Descriptives

AGE

	Maximum
1	43
2	43
3	51
Total	51

Test of Homogeneity of Variances

AGE

Levene Statistic	df1	df2	Sig.
12.746	2	82	.000

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ANOVA

AGE

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1960.911	2	980.456	53.595	.000
Within Groups	1500.077	83	18.294		
Total	3460.988	84			

Robust Tests of Equality of Means

AGE

	Statistic[a]	df1	df2	Sig.
Welch	154.600	2	48.199	.000
Brown-Forsythe	113.503	2	80.281	.000

a. Asymptotically F distributed.

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Post Hoc Tests

Multiple Comparisons

Dependent Variable: AGE

Tukey HSD

(I)capital source	(J)capital source	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval
					Lower Bound
1	2	-4.769*	1.112	.000	-7.42
	3	-13.197*	1.293	.000	-16.28
2	1	4.769*	1.112	.000	2.11
	3	-8.429*	1.476	.000	-11.95
3	1	13.197*	1.293	.000	10.11
	2	8.429*	1.476	.000	4.91

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Multiple Comparisons

Dependent Variable: AGE

Tukey HSD

(I) capital source	(J) capital source	95% Confidence Interval
		Upper Bound
1	2	-2.11*
	3	-10.11*
2	1	7.42*
	3	-4.91*
3	1	16.28*
	2	11.95*

*. The mean difference is significant at the 0.05 level.

Homogeneous Subsets

AGE

Tukey HSD

capital source	N	Subset for alpha = 0.05		
		1	2	3
1	50	34.66		
2	21		39.43	
3	14			47.86
Sig.		1.000	1.000	1.000

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Means for groups in homogeneous subsets are displayed.

a. Uses Harmonic Mean Sample Size = 21.575.

b. The group sizes are unequal. The harmonic mean of the group sizes is used. Type I error levels are not guaranteed.

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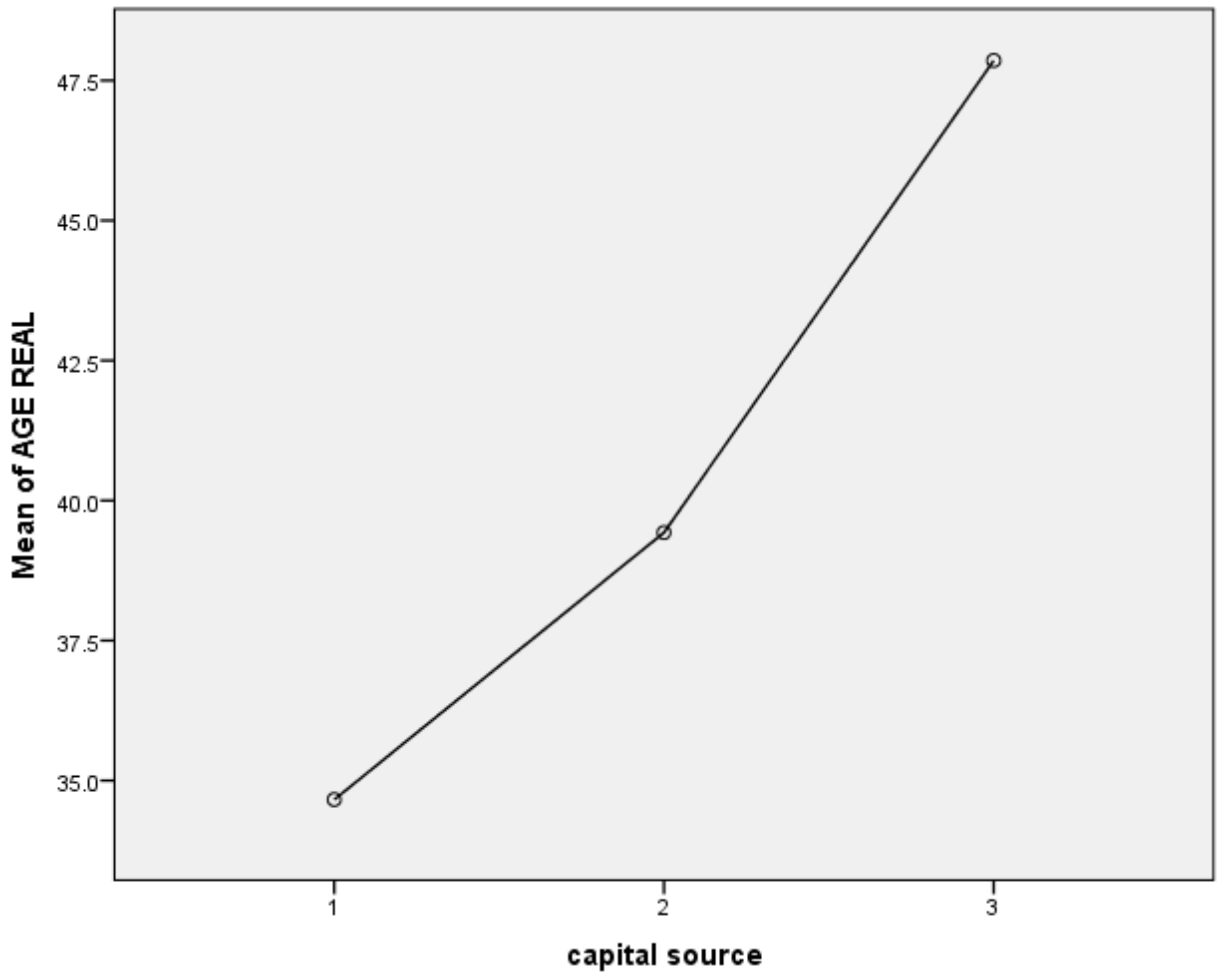
Means Plots



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CROSSTABS

/TABLES=EDUCATION BY SOURCE OF CAPITAL

/FORMAT=AVALUE TABLES

/STATISTICS=CHISQ PHI

/CELLS=COUNT ROW COLUMN TOTAL

/COUNT ROUND CELL.

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Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Education * Source of capital	85	100.0%	0	0.0%	85	100.0%

Education * Source of capital Cross tabulation

		Source of capital			Total
		1	2	3	
Education 1	Count	21	0	0	21
	% within Education	100.0%	0.0%	0.0%	100.0%
	% within Source of capital	42.0%	0.0%	0.0%	24.7%

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		% of Total	24.7%	0.0%	0.0%	24.7%
		Count	25	0	0	25
		% within Education	100.0%	0.0%	0.0%	100.0%
	2	% within Source of capital	50.0%	0.0%	0.0%	29.4%
		% of Total	29.4%	0.0%	0.0%	29.4%
		Count	4	19	0	23
		% within Education	17.4%	82.6%	0.0%	100.0%
	3	% within Source of capital	8.0%	90.5%	0.0%	27.1%
		% of Total	4.7%	22.4%	0.0%	27.1%
		Count	0	2	14	16
		% within Education	0.0%	12.5%	87.5%	100.0%
	4	% within Source of capital	0.0%	9.5%	100.0%	18.8%
		% of Total	0.0%	2.4%	16.5%	18.8%
		Count	50	21	14	85
		% within Education	58.8%	24.7%	16.5%	100.0%
Total		% within Source of capital	100.0%	100.0%	100.0%	100.0%
		% of Total	58.8%	24.7%	16.5%	100.0%

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Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	133.300[a]	6	.000
Likelihood Ratio	128.975	6	.000
Linear-by-Linear Association	64.399	1	.000
N of Valid Cases	85		

a. 5 cells (41.7%) have expected count less than 5. The minimum expected count is 2.64.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	1.252	.000
	Cramer's V	.886	.000
N of Valid Cases		85	

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

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```
CROSSTABS
  /TABLES=Education BY Business Registration
  /FORMAT=AVALUE TABLES
  /STATISTICS=CHISQ PHI
  /CELLS=COUNT ROW COLUMN TOTAL
  /COUNT ROUND CELL.
```

Crosstabs

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Education * Business Registration	85	100.0%	0	0.0%	85	100.0%

Education * Business Registration Crosstabulation

		Business Registration		Total
		1	2	
Education 1	Count	21	0	21
	% within Education	100.0%	0.0%	100.0%

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		% within Business Registration	47.7%	0.0%	24.7%
		% of Total	24.7%	0.0%	24.7%
		Count	23	2	25
		% within Education	92.0%	8.0%	100.0%
	2	% within Business Registration	52.3%	4.9%	29.4%
		% of Total	27.1%	2.4%	29.4%
		Count	0	23	23
		% within Education	0.0%	100.0%	100.0%
	3	% within Business Registration	0.0%	56.1%	27.1%
		% of Total	0.0%	27.1%	27.1%
		Count	0	16	16
		% within Education	0.0%	100.0%	100.0%
	4	% within Business Registration	0.0%	39.0%	18.8%
		% of Total	0.0%	18.8%	18.8%
		Count	44	41	85
		% within Education	51.8%	48.2%	100.0%
Total		% within Business Registration	100.0%	100.0%	100.0%

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% of Total	51.8%	48.2%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	77.631[a]	3	.000
Likelihood Ratio	103.791	3	.000
Linear-by-Linear Association	62.469	1	.000
N of Valid Cases	85		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 7.72.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.956	.000
	Cramer's V	.956	.000
N of Valid Cases		85	

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a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

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