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Considering factors that leads to sustainability of Small and Medium Enterprises in Ghana using PESTEL and theories of entrepreneurship as a measuring tool

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Abstract. This study was intended to identify factors that lead to the sustainability of small and medium enterprises in Ghana using PESTEL and theories of entrepreneurship as a measuring tool and also made appropriate recommendations for readdressing. The study seeks to solve the problem of high pay to employees, a process that Small and Medium Enterprise face to access the loan and relatively high income to the employee. To enumerate various sources of funds available to SME's in Ghana and to examine the different causes that contribute to the sustainability of small businesses in Ghana, consider the variables that lead to the collapse of new SME's activities, to ascertain the impact of factors that contributes to the sustainability of SME's in Ghana and to evaluate the PESTEL effect on SME's in Ghana. Data were obtained through questionnaires from managers and entrepreneurs in Kumasi, Ghana. The sample was selected using quota, stratified and convenient sampling method. The data was analyzed using Statistical Package for Social Sciences (SPSS) in the form of tables. The researchers recommended that entrepreneurs or managers of Small Business should be expert in management in all spheres of business endeavor such as funds , human resource etc. for good management contribute to SME's sustainability as well as dealing in good and quality goods or products for quality products contributes to SME's sustainability.

Keywords. Sustainability of Small and Medium Enterprises, PESTEL, Theories of Entrepreneurship and Measuring Tool

1. Introduction

Entrepreneurship has been in existence for quite several years worldwide and in Ghana to be precise. Management of small and medium enterprises (SMEs) has been a significant challenge for entrepreneurs. The vital role that SMEs play in the development of every developing country as engines through which the growth of the developing country cannot be overstressed. It is estimated that SME's employ 22% of the adult population in developing countries. The Small and Medium Enterprises sector employed about 15.5% and 14.09% of the labor force in 1993 and 1994 respectively (Parker et al., 1994), has experienced higher employment growth than micro and large scale enterprises (5% in Ghana). In Ghana, the sector's output as a percentage of GDP accounted for 6% of GDP in 1988. The Ghana Statistical Service defines small scale enterprises in terms of the level of employment. The Statistical Board

consider enterprises with more than ten (10) employees as large scale and less than ten (10) employees as small scale enterprise. The National Board for Small Scale Industries also considers small scale enterprise as one not employing more than nine (9) people with plant and machinery not exceeding (GHC 1,000.00). The study of the research was carried out in some small scale enterprise located in Kumasi, in Bosomtwe District. The operations of this enterprise were compared to the principles of Management, and this brought out the deficiencies. The few enterprises studied shows that quite a few of them abide by the appropriate management principles in their businesses. Most of the entrepreneurs enter into business without adequate finance. It is surprising to know that bank loans (Debt finance) were not utilized as their primary source of funding in the startup of the business. This is partly explained by the fact that the entrepreneurs prepared no investment plan. Small scale business owners have failed to recognize the importance of a properly structured business plan as a means of helping them to develop and focus ideas and to provide a moving vehicle for attracting capital for their businesses. Small scale businesses tend to have managerial role conflict because there is no coordination among the various departmental units in the company set up. The market does not have the expertise to define the job or the role that would be assigned to the employees, therefore, the employees do not have a clear and definite task to perform, and this observation is attributed to the managerial deficiencies. Lack of performing the following administrative functions also contribute to the poor Management of the business such as planning, organizing, directing and control. This study became necessary as a result of the frequent closure of Small and Medium Enterprises SMEs in Ghana and Sub-Sahara Africa due to lack of sustainability and innovativeness among the entrepreneurs (www.trid.trb.org). The fall out of these SMEs leads to loss of investor's capital, high unemployment levels and retards economic growth. Considering factors that influence to the sustainability of small and medium enterprises in Ghana using PESTEL and theories of entrepreneurship as a measuring tool to the success of Small and Medium Enterprises (SMEs) in Ghana could, therefore, promote the Gross Domestic Products (GDP) of the nation and leads to economic growth. This study, therefore, explores some kinds of literature, concepts and theories on PESTEL and entrepreneurship and linked to the success of Small and Medium Enterprises in Ghana, especially Kumasi.

Those who run a business do not typically involve themselves in financial matters. The idea may be since they do not have sufficient knowledge or interest in recording transactions, preparation and analysis of financial statements and secondary, they are incredibly involved in other aspects of business like managing people, sales buying, and production. These managers rely on their accountants to run the financial side of their business. While financial control is a critical element of the administration of the company as a body, the power of its assets is perhaps the most important. In the long term, the purchase of property directs the course that the business will take during the life of these assets. Still, the company will never see the long term if it cannot plan an appropriate policy to control its operating capital correctly. In effect, the poor financial control of owner-managers or lack of financial Management altogether is the principal cause underlying the problems in SME financial management. Many small businesses fail not because the owner does a poor job or provides an inferior service, but because their firm is not run like a business. A lot of small business people only know one-half of what it takes to succeed. The part they are missing is how to manage and grow their business. Small business owners that thrive in this part learn these issues while working or they already have the knowledge. According to Maad and Liedholm (2008), Small and Medium Enterprises (SMEs) are those companies that employ not more than 250 employees and work on a small scale (www.serialsjournals.com). The technical definition varies from country to country but is

usually based on employment, assets, or a combination of the two-State Bank of Pakistan (www.coursehero.com). Most of the foreign countries are realizing the fact that SMEs contribute a significant portion of the country's GDP and economic activity and they hold an essential place and get the similar effects when the government lays a business policy for larger companies (www.coursehero.com). For a business to be sustainable, creativity and innovation, play an essential role and by definition involved the creation of something new (Barringer & Ireland, 2006). Creativity and innovation are considered to be inseparable from entrepreneurship, which in turn, manifested in the act of starting up and running an enterprise (www.um.edu.mt). Pretorius et al., (2005) maintained that "creativity is clearly part and parcel of the entrepreneurial skills required to start a venture" (p.56) successfully. Entrepreneurs and their startups are considered to be "important agents of innovation" (Bosma & Harding, 2007: p.16), not only regarding the products and services they provide but also regarding the technologies and process that they. SMEs entrepreneurs could thus be argued to be, by their very nature, the essence of creativity and innovation. The dynamic role of Small and Medium Scale Enterprises (SMEs) in developing countries towards employment generation and income creation has, over time, been highly emphasized by several authors. While it is accepted that SMEs are significant contributors to the domestic economy, not many governments have framed policies to enhance their contribution or increase their competitiveness (www.ukessays.com). Evidence from literature reveals that there is no universally agreed definition of an SME across all academic disciplines (www.journal-archieves30.webs.com). According to Beck et al., (2005), most descriptions on SMEs are based on size, and they use organic bases such as some employees, financial position or annual turnover. However, in Zimbabwe, according to Small and Medium Enterprises Institute, SMEs are defined as a registered enterprise with employment levels ranging from 30 to 70 depending on the types of industry (www.journal-archieves30.webs.com). They further stated that firms that are not formalized through a legal structure such as registration regarding the Companies Act or a Partnership Agreement are considered as micro-enterprises. According to Mensah (2004), these Small and Medium Enterprises supplements national and multinational firms in creating jobs to the labor force of Ghanaians and other foreigners within Ghana. Small and Medium Enterprises, in effect, reduces the unemployment level in Ghana and a broader sense promotes the economic growth of the nation.

One cannot achieve sustainable business unless you become creative and innovation also lead to healthy competition and bring on board substitutes which in the long run, reduces prices to meet the challenging purchasing power of customers. Lack of creativity and innovation among small and medium enterprises in Ghana has led to the collapse for small and medium businesses such as the timber firms, transport businesses and other small and medium companies in Ghana. Companies that opt for small, incremental changes to their products and services complain that they are being squeezed out of the market – there is always someone who can do things faster and cheaper (www.safaribooksonline.com). What is required is game-changing innovations and creativity that can radically change the nature of the business and their market. But how can SMEs, with their often limited time and financial resources, innovate consistently and profitably. It was observed that most of the entrepreneurs who enter into small scale businesses in Ghana to be precise Kumasi do not have enough managerial background. It is not surprising that these enterprises do not have qualified managers because they believe that they can manage the business themselves; therefore, it is not necessary to formally learn the principles of Management. Also, poor planning has been one of the significant challenges that most of the Small Scale Enterprises are facing intensively in the Ashanti Region of Kumasi.

Furthermore, an entrepreneur's inability to secure proper source of finance in the startup of the businesses has been another crucial problem to the small scale businesses in Bosomtwe District as to whether to use debt financing or equity finance. Weak Management and expertise of the company to accurately appraise and supervised the various departments. Again, there are no collaterals to secure loans from both banks and financial institutions. The research seeks to analyze and attempt to find a solution to these problems. The following hypothesis were tested at 10% level of significance: Ho: there are no factors that contribute to the sustainability of small and medium enterprises in Ghana. Hi: some factors lead to the sustainability of small and medium enterprises in Ghana economy.

2.0 Literature review

This part of the study considered in detailed all the relevant terms of the study under consideration "considering factors that leads to sustainability of small and medium enterprises in Ghana using PESTEL and Theories of Entrepreneurship as a measure tool".

2.1 Small and Medium Enterprises (SMEs)

The term Small and Medium Enterprise has been given different meanings. These definitions vary from one nation to another, division to division and even industries to industries. A good number of the definitions have been in terms of either employed or the number of persons engaged. According to Egbuogu (2003), SMEs vary both between countries and between continents. The significant criteria used in the defining SMEs according to Carpenter (2003) included various combinations of the number of employees, finance, sales value, relative size, initial capital outlay and types of industry under consideration. The European Commission in 2003 adopted Recommendation 2003/361/E by which Small Enterprises are categorized as having employees not exceeding 50, turnover not exceeding ten million Euros and balance sheet also not exceeding ten million Euros. Medium-sized enterprises are categorized as having employees not exceeding 250, turnover not exceeding fifty million Euros and balance sheet not exceeding forty-three million Euros. Most sized definitions are based on measures such as a number of employees, balance sheet totals or turnover (Journal of ICA GH, 2002). According to Kayanula and Quartey, France defines SMEs as enterprises employing less than 250 employees. Singapore, on the other hand defines SMEs as an enterprise having at least 30% local equity, fixed productive assets not exceeding \$15,000 and employment size not exceeding 200 people for non-manufacturing companies. The European Union considers a Micro, Small and Medium-sized Enterprise (MSME) as one with up to 250 employees and with either a turnover of no more than €50 million or a total balance sheet value of no more than € 43 million. Micro enterprises are those firms that employ less than 10 workers and also have either turnover or balance sheet value of not more than € 2 million. Small enterprises employ less than 50 employees and have turnover or balance sheet value of not more than € 10 million. Medium-sized enterprises less than 250 workers and have either turnover of € 50 million or balance sheet value of not more than € 43 million. Similarly, the World Bank (2013) classifies an enterprise as MSME when it meets any two of the following criteria namely, number of employees, size of assets, or annual sales as follows: microenterprises employ up to 10 employees, with total assets and annual sales of up to \$10,000; small enterprises employ up to 50 employees with total assets and annual sales of up to \$3 million; and medium-sized enterprise employ up to 300 employees, with total assets and annual sales of up to \$15 million. In Ghana, SME's is defined concerning the number of persons engaged. According to the National Board for Small Scale Industries (NBSSI), "it is the production of the unit that engages

primarily in the manufacturing outside the residential premises with investment machinery, equipment and tools less than \$ 6,500 and or which engage not more than nine persons". Addae Stephen, 7th Annual Banking Conference argued that Small and Medium Enterprise are businesses which employ roughly less than thirty (30) workers. He further stated that the owner mainly operates micro-enterprises (Ackah & Vuvor, 2011).

2.1.1 Characteristics of Small and Medium Scale Enterprises in Ghana

Only one of its kind features of SMEs from a large firm is to have direct access to international and local significant markets whereby the Small Scale businesses are exempted due to the higher intermediation price of minor projects. Therefore, SMEs encounter similar fixed cost as compared to large. Large scale enterprise (LSEs) meets the terms with regulations but has insufficient capacity to market products overseas. Small and Medium Enterprise (SMEs) in Ghana and Malawi has been grouped into urban and rural enterprises. The previous can be divided into sub-division such as organized and unorganized enterprises. The formal organization is the one that pays its employees and has a registered office whereas the non-formal or chaotic firm is categorized as one that highly consists of artisans who are exposed to the sun, temporary wooden structures, or at home and employ little salary workers or a situation where there are no salary workers. These workers rely mainly on family members or depend on their trainees. However, rural businesses mainly consist of family members, individual, Artisans, retailers and mostly who women engaged in food production from local foodstuffs or crops. There are many activities within the rural setup. Still, the main activities within this sector may include-clothing and tailoring, soap and detergents, fabrics textile and leather, village blacksmiths, ceramics, timber and Mining, tin-smiting bricks and cement, beverages, electronic assembly food processing bakeries, wood furniture, agro-processing, chemical-based processing and mechanics (Liedholm & Mead, 1987; Osei et al., 1993, World Bank, 1992). Therefore, it is appealing to note that small scale enterprises make good of rare resources as compared with large scale enterprises. Research in Ghana and some other countries has proven that capital requirements or productivity is often tremendous in Small and Medium Enterprise (SMEs) as compared in the case of Large Scale Enterprise (LSEs) (Steel, 1977; Child, 1971). The reason for this is not difficult to see; SMEs are labor intensive with a minimal amount of capital invested. As a consequence, they have a propensity to witness high capital productivity which an economically sound investment. In this way, however, it has been making a case that promoting the SME sector in developing countries will create more avenue and employment opportunities. Lead to a more reasonable distribution of income and will ensure an increase in productivity with better skills and technology (Steel & Webster, 1991). Small scale rural and urban enterprises have been one of the significant areas of concern to many policymakers in an attempt to accelerate the rate of growth in low-income countries. These enterprises have been recognized as the engines through which the growth objectives of developing countries can be achieved. They are potential sources of employment and income in many developing countries. It is estimated that SMEs employ 22% of the adult population in developing countries (Daniels, 1994; Daniels & Ngwira, 1992; Daniels & Fisseha, 1992; Fisseha, 1992; Fisseha & Mcpherson, 1991; Gallagher & Robson, 1995). However, some authors have contended that the job-creating an impact of small scale enterprises is a statistical flaw; it does not take into accounts offsetting factors that make the net effect more modest (Biggs et al., 1988). It is argued that the increase in employment small and medium scale enterprises are not always associated with increases in productivity. Nevertheless, the vital role performed by these enterprises cannot be overlooked. Small firms have their advantages over their large scale competitors. They can adapt more

quickly to market conditions giving their broadly skilled technologies. However, narrowing the analysis down to developing countries raises the following puzzle: Do small scale enterprises have a dynamic economic role? Due to their flexible nature, SMEs can withstand adverse economic conditions. They are more labor intensive than larger firms and therefore, have a lower capital cost associated with job creation (Anheier & Seibel, 1987; Liedholm & Mea, 1987; Schmitz, 1995). SMEs perform useful roles in ensuring income stability, growth and employment. Since SMEs are labor intensive, they are more likely to succeed in smaller urban areas, where they can contribute to the more even distribution of economic activities in a region and can help to slow the flow of migration to large cities. Because of their regional dispersion and their labor intensity, the argument goes; small scale production unit can promote a more equitable distribution of income than large firms. They also improve the efficiency of domestic market productive use of scarce resources, in this way or thus, facilitating long term economic growth.

2.1.2 Support for Small and Medium Scale Enterprise Development

The significant role of the National Board for Small Scale Industries (NBSSI) is to effectively promote the overall development of micro and small scale enterprises to ensure sufficiency and competitiveness in the production and distribution of goods and services and thereby contributing significantly to the development of the country. In this regards, the board activities are geared towards ensuring an environment within which micro and small scale enterprise operate and assisting in the provision of financial services for new business creation and improvement in the operations of on-going businesses. As part of the general co-operation agreement entered into by the government of the Republic of Germany and Ghana, the Field Rich Ebert Foundation considering support for small scale industries as a way of enhancing the achievement of the goals of NBSSI, and therefore, assisting the economic and social development of Ghana. NBSSI thus entered into a co-operate agreement with the foundation to design and implement programmes for the promotion of small scale enterprise in Ghana. The co-operations agreement was signed on behalf of NBSSI by the executive Director Dr. E.K Abaka during a visit to Germany as part of the project in 1990.

2.1.3 The Significance of Small and Medium Enterprises (SMEs) to Economies

Importance of small businesses is recognized in numerous African countries such as Togo, Uganda, Ghana, Cote d'Ivoire, Nigeria, Kenya, Malawi, Burkina Faso and many other developing countries. According to Rwigema and Karungu (1999), SMEs are dominantly in their numbers in most economies. In developed countries such as the United States of America and the United Kingdom, small enterprises play a significant role in the economy (www.coursehero.com). They account for an estimated one-third of industrial employment and a lower percentage of output (www.jbrmr.com). In Third World countries where SMEs dominate economically productive enterprises, SMEs prosperity is considered far more critical than in First World countries (www.jbrmr.com). The activities of SMEs in Africa are of vital importance for the promotion of economic growth, job creation and the mitigation of poverty (www.jbrmr.com). However, research conducted on SMEs in Africa confirmed that on average, there are more SME closures than expansions, with approximately only 1% of microenterprises growing from five or fewer employees to ten or more (www.jbrmr.com). It has long been debated that SMEs are pivotal to employment creation and economic growth, particularly in countries such as South Africa that have a high unemployment rate, estimated at up to 40%. Upgrading the roles of the SME sector in the South African economy to improve

economic growth through increasing competitiveness, and by generating employment and redistributing income (www.coursehero.com), has been the focus of new development policies since the democratic transition (www.coursehero.com). To aid the facilitation of the SME environment, the South African government tabled the National Small Business Act of 1996 amended by Act 29 of 2004 to provide equal standing to SME enterprises (Rwigema & Venter, 2004; Ntsika, 2001) in South Africa's economy. The vital role of SME sector plays in the South African and other developing economies in addressing sustainable development was highlighted by the 2003 Human Development Report for South Africa (www.jbrmr.com). It can be gleaned from the various literature that a high percentage of small organizations failed in the first five years of trading, often as a result of overtrading and financial strain (www.ukessays.com). Access to finance has therefore featured prominently in some studies as a constraint on SME development. According to Rogerson (2001b) and Skinner (2005), a lack of credit is a significant constraint experienced by emerging African SME entrepreneurs, who are dependent on personal savings or loans from relatives and friends, as the source of start-up capital. Finance, skills, business training and less rigid regulations are the key elements to promote entrepreneurship, to enhance the enterprise environment, to improve competitiveness and capacity in the SME industry (www.ukessays.com).

2.2 Theories of the study

For Scientist, 'theory' refers to the relationships between facts. In other words, theory is some ordering principles. There are various theories of entrepreneurship which may be explained from the viewpoints of economists, sociologists and psychologists. These theories have been supported and given by multiple thinkers over more than two and a half centuries. In every endeavor, there are so many theories that guide that endeavor. Small and Medium enterprises also have numerous methods, and those that apply to the research has been outlined below. Therefore, the theory is a statement that has been tested and proven to be genuine and has been accepted worldwide for educational purposes. These methods were applied in various ways to help establish academic excellence and to add knowledge to the existing one in the school fraternity.

2.2.1 Theories of Entrepreneurship

A coordinated and comprehensive theory of entrepreneurship is yet to come. Meanwhile let's try to understand the following methods of entrepreneurship propounded by the different eminent social thinkers:

1. Innovation Theory of Schumpeter

A dynamic theory of entrepreneurship was first advocated by Schumpeter (1949) who considered entrepreneurship as the catalyst that disrupts the stationary circular flow of the economy and thereby initiates and sustains the process of development. Embarking upon 'new combinations' of the factors of production which he succinctly terms innovation where the entrepreneur activates the economy to a new level of development. Schumpeter introduced a concept of innovation as a key factor in entrepreneurship in addition to assuming risks and organizing factors of production. Schumpeter defined entrepreneurship as "a creative activity". An innovator who brings new products or services into the economy is given the status of an entrepreneur. He regards innovation as a tool of entrepreneur. The entrepreneur is viewed as the 'engine of growth'. He sees the opportunity for introducing new products, new markets, new sources of supply, new forms of industrial organization or for the development of newly

discovered resources. The concept of innovation and its corollary development embraces five functions:

- The introduction of a new product with which consumers are not yet familiar or the introduction of a new quality of an existing product,
- The introduction of a new method of production that is not yet tested by experience in the branch of manufacture concerned, which need by no means be founded upon a discovery scientifically new and can also exist in a new way of handling a commodity commercially,
- The opening of a new market that is a market, on to which the particular branch of manufacturer of the country in question has not previously entered, whether or not this market has existed before,
- Conquest of a new source of supply of raw material and
- The carrying out of the new organization of any industry.

Schumpeter is the first major theorist to put the human agent at the centre of the process of economic development. He is very explicit about the economic function of the entrepreneur. The entrepreneur is the prime mover in economic development; his capacity to innovate or carry out new combinations. Schumpeter makes a distinction between an innovator and an inventor. An inventor discovers new methods and new materials. On the contrary, an innovator is one who utilizes or applies inventions and discoveries to make new combinations. An inventor is concerned with his technical work of design, whereas an entrepreneur converts the professional work into economic performance. An innovator is more than an inventor because he does not only originate as the inventor does but goes much farther in exploiting the invention commercially. To Schumpeter, entrepreneurs are individuals motivated by a will for power; their particular characteristic being an inherent capacity to select correct answers, energy, will and mind overcoming fixed talents of thoughts, and a capacity to withstand social opposition. The factor that contributes to the development of entrepreneurship would necessarily be a suitable environment in grasping the essential facts. It can be noted that this theory's central figure, the "innovating entrepreneur" has played an essential role in the rise of modern capitalism. The entrepreneur has been the prime mover - for the economic development process. On the criticism side, this theory seems one-sided as it puts too much emphasis on innovative functions. It ignores the risk-taking and organizing aspects of entrepreneurship. An entrepreneur has not only to innovate but also assemble the resources and put them to optimum use. While stressing upon the innovative function of the entrepreneur, Schumpeter ignored the risk-taking capacity, which is equally important. When an entrepreneur develops a new combination of factors of production, there is enough risk involved. In spite of these lacking, the theory supports the "enterprising spirit" of an entrepreneur to innovate. It is the act that endows resources with a new capacity to create wealth. Drucker says, "Innovation, indeed, creates a resource. It endows it with economic value." Schumpeter's views are particularly relevant to develop countries where innovations need to be encouraged. The transformation of an agrarian economy into an industrial economy required a great deal of initiative and changes on the part of business people and managers.

2. Achievement Theory of McClelland

According to McClelland, the characteristics of an entrepreneur has two features. First is doing things in a new and better way and other decision making under uncertainty. McClelland emphasizes achievement orientation as the most important factor for entrepreneurs. Individuals

with high achievement orientation are not influenced by considerations of money or any other external incentives. Profit and incentives are merely yardsticks of measurement of success of entrepreneurs with high achievement orientation. Money rewards do not influence people with high achievement (N-Ach) as compared to people with the low result. The latter types are prepared to work harder for money or such other external incentives. On the contrary, profit is merely a measure of success and competency for people with high achievement need. Professor David McClelland, in his book *The Achieving Society*, has propounded a theory based on his research that entrepreneurship ultimately depends on motivation. It is the need for achievement (N-Ach), the sense of doing and getting things done, that promote entrepreneurship. According to him, N-Ach is a relatively stable personality characteristic rooted in experiences in middle childhood through family socialization and child-learning practices which stress standards of excellence, material warmth, self-reliance training and low father dominance. According to him, a person acquires three types of needs as a result of one's life experience. These three needs are:

- Need for Achievement. A drive to excel, advance and grow.
- Need for Power. A trip to dominate or influence others and situations.
- Need for Affiliation. A drive for friendly and close interpersonal relationships.

McClelland found that certain societies tended to produce a large percentage of people with high achievement. He pointed out that individuals, indeed whole societies that possess N-ach will have higher levels of economic well-being than those that do not. McClelland's work indicated that there are five major components to the Nach trait: (a) responsibility for problem-solving, (b) setting goals, (c) reaching goals through one's effort, (d) the need for and use of feedback, and (e) a preference for moderate levels of risk-taking.

The individual with high levels of need achievement is a potential entrepreneur. The specific characteristics of a high achiever (entrepreneur) can be summarized as follows:

- i. They set reasonable, realistic and attainable goals for them.
- ii. They take calculated risks.
- iii. They prefer situations wherein they can take personal responsibility for solving problems.
- iv. They need concrete feedback on how well they are doing.
- v. Their need for achievement exists not merely for the sake of economic rewards or social recognition; rather, personal accomplishment is intrinsically more satisfying to them.

According to McClelland, motivation, abilities and friendly environment, all combine to promote entrepreneurship. Since entrepreneurial motivation and skills are long-run sociological issues; he opined it is better to make political, social and economic environments suitable for the growth of entrepreneurship in underdeveloped and developing countries.

3. Leibenstein's X-Efficiency Theory

This theory, initially developed for another purpose, has recently been applied to analyze the role of the entrepreneur. X-efficiency is the degree of inefficiency in the use of resources within the firm. It measures the extent to which the firm fails to realize its productive potential. According to Leibenstein, when an input is not used effectively, the difference between the actual output and the maximum output attributable to that input is a measure of the degree of X-efficiency. X-efficiency arises either because the firm's resources are used in the wrong way or because they are wasted, that is, not used at all. Leibenstein identifies two leading roles for the entrepreneur:

(i) A gap filler and

(ii) An input completer. These functions arise from the underlying assumptions of X-efficiency theory. Thus it is clear that “if not all factors of production are marketed or if there are imperfections in markets, the entrepreneur has to fill the gaps in the market. To put the enterprise in motion, the entrepreneur should fill enough of gaps.” The second role is input completion, which involves making available inputs that improve the efficiency of existing production methods or facilitate the introduction of new ones. The purpose of the entrepreneur is to improve the flow of information in the market. The theory concludes that an entrepreneur has to act as a gap filler and an input completer if there are imperfections in markets. For using their unusual skills, he gets profits as well as a variety of non-peculiar advantages. According to him, there are two types of entrepreneurship.

(i) **Routine Entrepreneurship**

Deals with normal business functions like co-coordinating business activities.

(ii) **Innovative Entrepreneurship**

Wherein an entrepreneur is creative in his approach. It includes the actions necessary to create an enterprise where not all the markets are well-established or clearly defined.

4. Risk Bearing Theory of Knight

A key element of entrepreneurship is risk-bearing. Prof. Knight and John Stuart Mill saw risk-bearing as the essential function of entrepreneurs. Some essential features of this theory are as follows:

- I. Risk Creates Profit:** According to the risk-bearing theory, the entrepreneur earns profits because he undertakes risks.
- II. More Risk More Gain:** The degree of risk varies in different industries. Entrepreneurs undertake different degrees of risk according to their ability and inclination. The risk theory proposes that the riskier the nature of the business, the higher must be the profit earned by it.
- III. Profit as Reward and Cost:** Profit is the reward of an entrepreneur for assuming risks. Hence, it is also treated as a part of the average cost of production.
- IV. Entrepreneur’s Income is Uncertain:** He identifies uncertainty with a situation where the probabilities of alternative outcomes cannot be determined either by a priori reasoning or by statistical inference. A priori reasoning merely is irrelevant to the economic situation involving a unique event. This theory summarizes that profit is the reward of an entrepreneur effort which arises for bearing no insurable risks and uncertainties, and the amount of profit earned depends upon the degree of uncertainty bearing. Knight argues that business enterprises the level of difficulty can be reduced Imperfect competition/not well-established market.

5. Max Weber’s Theory of Entrepreneurial Growth

Max Weber, in his theory says religion has a significant impact on entrepreneurial development. According to Weber, some religions have fundamental beliefs to earn and acquire money, and some have less of it. He calls them a ‘spirit of capitalism’ and ‘adventurous spirit’. The spirit of capitalism will be generated when mental attitude in society is favorable to capitalism. According to Max Weber, driving entrepreneurial energies are made by the adoption of exogenously-supplied religious beliefs. It is these beliefs which produce intensive exertion

in occupational pursuits, the systematic ordering of means to ends, and the accumulation of assets. His theory suggests the belief systems of Hinduism, Buddhism and Islam do not encourage entrepreneurship. Many sociologists have challenged his stand. Max Weber's theory suited the colonial rulers who wanted to promote European entrepreneurship in India. But it has been criticized by subsequent researchers. The method is based on invalid assumptions, which are:

- I. There is a single system of Hindu value,
- II. The Indian community internalized those values and translated them to day-to-day behavior, and
- III. These values remained immune to and insulated against external pressures and change. The rapid growth of entrepreneurship in India since independence proves that Hinduism is not opposed to the spirit of capitalism and adventurous spirit.

Many thinkers have accepted Weber's analysis of linkage between religious belief and entrepreneurial growth. But this view is not accepted universally. Samuelson criticized Weber's perspective on the ground that capitalism also developed in those societies where protestant ethic was 'not prevalent. Holtz argued that Protestant could not develop industries in France because they were not given political security. It can be concluded in the words of Carroll that "ethical values have some effect on entrepreneurial growth but to consider them all in all would be unrealistic."

6. Hagen's Theory of Entrepreneurship

A critical theory of entrepreneurial behavior has been propounded by Hagen, which is referred to as the withdrawal of status respect. Hagen has attributed the removal of status respect of a group to the genesis of entrepreneurship. Hagen considers the withdrawal of status, of honor, as the trigger mechanism for changes in personality formation. Status withdrawal occurs when members of some social group perceive that their purposes and values in life are not respected by the groups in the society they admire, and whose esteem they value. Hagen postulates four types of events which can produce status withdrawal:

- Displacement of a traditional elite group from its previous status by another usual supply physical force.
- Denigration of valued symbols through some change in the attitude of the superior group.
- Inconsistency of status symbols with a changing' distribution of economic power.
- Non-acceptance of expected status on migration to a new society.

Hagen further postulated that withdrawal of status respect would give to four possible reactions and create four different personality types:

- (a) **RETREATS:** Entrepreneur who continues to work in society but remains indifferent to his work or status.
- (b) **RITUALIST:** One who works as per the norms in the society but with no hope of improvement in the working conditions or his situation.
- (c) **REFORMIST:** One who is a rebellion and tries to bring in new ways of working and a modern society.
- (d) **INNOVATOR:** An entrepreneur who is creative and try to achieve his goals set by himself.

According to Hagen (1962), the creativity of a disadvantaged minority group is the primary source of entrepreneurship. He developed this thesis from the case of the samurai community

of Japan. Traditionally, this community had enjoyed a high status of which it was deprived later. To regain this lost prestige, it became more active and vigorous and gave rise to many entrepreneurs. McClelland supported this thesis by admitting that a suppressed community had more creativity. He said that Jains could be successful entrepreneurs because of their consciousness of their majority and superiority complexes. McClelland had modified Hagen's thesis slightly to explain such cases. He stated that the subordination of the minority group could arouse achievement motivation in its members. Still, its extent depended upon the initial level of motivation and the means available to the group to active its achievement motivations.

7. Thomas Cochran's Theory of Cultural Values

The key proportions in Thomas Cochran's theory are cultural values, role expectations and social sanctions. According to him, the entrepreneur represents society's model personality. His performance is influenced by the factors of his attitudes towards his occupation, the role expectations held by sanctioning groups, and the operational requirements of the job. The determinants for the first two factors are the society's values. Changes over time in such variables as population, technology, and institutional drift will impinge on the role structure by creating new operational needs. In most countries, entrepreneurs have emerged from a particular socio-economic class. The Protestant ethic of the West is said to have contributed to the emergence of a new type of industrialists. It can be noted that various communities and castes like samurai in Japan, family pattern in France, Yoruba in Nigeria, Kikuya in Kenya, Christians in Lebanon, Halai Memon industrialists in Pakistan, Parsees, Marwaris and Gujaratis in India have been the sources of entrepreneurship.

8. Theory of change in Group Level Pattern

Young defined entrepreneurs as the entrepreneur characteristics are found in small groups wherein individuals develop as entrepreneurs. Young arrived at the group level pattern behavior entrepreneurs based on his studies known as Thematic Appreciation Test (TAT) on groups of entrepreneurs. The test revealed' the tendency to describe the situation as a problem to be solved, an awareness of pragmatic effort required, confidence in their ability to solve the problem. The tendency to take the viewpoint of each individual in turn and analyze the situation as he might see it before suggesting an outcome. Young's theory is a theory of change based on society's incorporation of reactive subgroups. A group becomes reactive when the following three conditions coincide:

- When denied of access to critical social networks;
- When a group experiences low 'status recognition; and
- When the group has better institutional resources than other groups in the society at the same level.

9. Economic Theory of Entrepreneurship

Economic development was the result of the rationalization of technology and accounting systems, and the acquisition of capital and its productive use was the central theme of the Weberian thesis. Some scholars have tried to explain the growth of entrepreneurship in terms of regional economic factors, i.e. technical support to the environment in these regions. A question which was analyzed by a researcher is: "Since Jains and Vaisyas were in every corner of India, why was it that only Marwari ad Gujarati Vaisyas and Jains gave the lead in entrepreneurship, mostly in Gujarat". This analysis revealed that Gujarat had an environment favorable to business and industry. Thus, it can be concluded that the industrial climate may

have a very significant impact on the response of entrepreneurs. However, the group factors, as emphasized by various studies, cannot be ignored altogether.

10. Exposure Theory of Entrepreneurship

Many studies have shown that it is the exposure to new ideas and opportunities towards creativity and innovation, which leads to creating a new venture. There is adequate empirical evidence to prove its validity. 'Tripathi has observed that exposure to new ideas and values were the common factor between Parsi and Hindu entrepreneurs, which led them to entrepreneurship. Education has played a very significant role in exposing the Indian entrepreneurs to Western ideas leading them to entrepreneurship. It is also the differential responses of the social groups to opportunities provided by the commitment of the political system to industrialization that has led the process of entrepreneurial spread.

11. Political System Theory of Entrepreneurial Growth

The political system can create adequate infrastructure, favorable laws, favorable taxation system and procedures, provide incentives and subsidies, security to entrepreneurs, create promoting policies and can encourage people towards entrepreneurship. The government can also build a supporting system for potential entrepreneurs. The multi-dimensional concept of entrepreneurship, wherein the eleven theories of entrepreneurship have been discussed in detail. The most important was Schumpeter's theory of innovation, wherein Schumpeter emphasizes the importance of innovation in entrepreneurship. The second critical theory of entrepreneurship is written by McClelland as a function of achievement that is doing things in a better way and taking critical decisions in a new enterprise. From the above theories, we can see that Schumpeter and McClelland have given primary importance to the individual. While Schumpeter has stressed on innovativeness or creativity of the individual as an essential determinant for entrepreneurship, McClelland stresses more on the internal factors, specifically, the need for achievement. Weber has touched upon the religious belief system, which is part of the culture and which has a significant influence in determining the individual's behavior in every aspect of his life. Hegan's views economic development as a process which is brought about by the withdrawal of status respect of a group. Young lays greater emphasis on the nature of the groups, group's assistance and coordination. Like Weber and McClelland, Cochran also speaks in different terms but explicitly, of cultural values and social structure (which include role expectations and social sanction) as playing a vital role in economic development. As observed, every theorist has looked at the entrepreneur and entrepreneurship based on his perception, and therefore, can, at best, provide only a limited view of the entrepreneurial phenomenon. No picture is right or wrong, or more or less; in fact, the various factors which cause the emergence of entrepreneurship are integral and not additive. They are interlocking, mutually dependent and usually reinforcing. As a conclusion, it can be said that entrepreneurship, is the outcome of a complex and varying combination of socio-economic, psychological and other factors. A realistic perspective should take them together.

12. The Resource-Based Theory of the Firms

The resource-based theory of the company grew out of efforts to explain the growth of enterprises. Although its origins lay primarily in economics, researchers in strategy have developed the resource-based theory (www.igi-global.com). The main attraction of the resource-based approach is that it focuses on explaining why firms are different and its effect on profitability. The central tenets of the resource-based theory are that companies differ in their

resource endowments that these differences are persistent, and those firm-level performance differentials are explained by analyzing a firm's supply position (www.igi-global.com). Differences in resources are seen to lead to non-replicable efficiency rents. According to the resource-based theory of the firm, performance differences across firms can be attributed to the variance in the firms' resources and capabilities (www.igi-global.com). Resources that are valuable, unique, and difficult to imitate can provide the basis for companies' competitive advantages. In turn, these competitive advantages produce positive returns. According to Hitt et al., (2001), most of the few empirical tests of the resource-based theory that have been conducted have supported positive, direct effects of resources. An essential and often critical support is IS/IT assets of firms (www.igi-global.com). The essence of the resource-based theory of the company lies in its emphasis on the internal resources available to the business, rather than on the external opportunities and threats dictated by industry conditions. Companies are considered to be highly heterogeneous, and the bundles of resources available to each firm are different (www.igi-global.com). This is both because firms have different initial resource endowments and because managerial decisions affect resource accumulation and the direction of steady growth as well as resource utilization (www.igi-global.com). The resource-based theory of the company holds that to generate a sustainable competitive advantage, support must be provided economic value and must be presently scarce, difficult to Imitate, non-substitutable, and not readily obtainable in factor markets (www.igi-global.com). This theory rests on two key points. First, that resources are the determinants of firm performance and second, that resources must be rare (R), valuable (V), difficult to imitate (or inimitable—I) and non-substitutable (N) by other limited resources; the so-called VRIN principle (www.irma-international.org). When the latter occurs, a competitive advantage has been created (www.igi-global.com). Resources can simultaneously be characterized as valuable, rare, non-substitutable, and inimitable. To the extent that an organization's physical assets, infrastructure, and workforce satisfy these criteria, they qualify as resources (www.igi-global.com). A firm's performance depends fundamentally on its ability to have a distinctive, sustainable competitive advantage, which derives from the possession of firm-specific resources (www.igi-global.com). The resource-based theory is a useful perspective in strategic management. Research on the competitive implications of such firm resources as capabilities, knowledge, learning, culture, teamwork, and human capital was given a significant boost by resource-based theory (www.igi-global.com). This method indicates it is these kinds of resources that are most likely to be sources of sustainable competitive advantage for firms. Capabilities are organizational/operational routines or systems composed of sets of jobs (performed by multiple people across the organization to create value) linked together by technology and various coordinating mechanisms (Cardy, 2008). Capabilities are the mechanisms that not only yield superior performance on an ongoing basis but also become an engine of organizational renewal and innovation (Cardy, 2008: p.391). Thus, the capabilities-based theory of the firm is often used interchangeably with the resource-based theory of the enterprise to study firm's performance and Competitive advantage. Capabilities are the product of knowledge, especially the know-how of human resources in performing the sets of jobs or activities. The ability of the organization to mobilize the right knowledge resources is identified as a significant value creating a process of the knowledge-based firm (Skaret et al., 2002). Resource-Based Theory attributes advantage in an industry to a firm's control over bundles of unique material, human, organizational, and locational resources and skills that enable unique value-creating strategies (www.irma-international.org). A company's resources are said to be a source of competitive advantage to the degree that they are scarce, specialized, appropriable, valuable, rare, and

difficult to imitate or substitute. That is, firms endowed with resources that are Valuable, Rare, Inimitable, and Non-substitutable (VRIN) will be able to achieve a sustainable competitive advantage. A particular branch of the resource-based theory is a resource-advantage theory (Hunt & Arnett, 2003). Resource-Advantage Theory is a moderately socialized and embedded method of competition that draws on and is applied by several disciplines, including economics, management, and marketing. The theory recognizes social structures and social relations that affect the game and therefore, financial performance.

From a resource-based perspective, Ravichandran and Lertwongsatien (2005) argued that IS resources that are inimitable and valuable can be rent-yielding. Technology assets such as networks and databases are unlikely to be rent-yielding since they could be easily procured in factor markets (www.sites.google.com). However, combining hardware and software assets to create a flexible and sophisticated IT infrastructure can be non-imitable because building such an infrastructure requires carefully melding technology components to fit firm needs and priorities (www.citeseer.ist.psu.edu). Lu and Ramamurthy (2011) conceptualized IT capability as comprising three dimensions:

1. IT infrastructure capacity (the technology foundation): The firm's ability to deploy shareable platforms (such as architectures, data and network services, and application portfolio and services);
2. IT business spanning capability (business-IT strategic thinking and partnership): Firm's management ability to envision and exploit IT resources to support and enhance business objectives;
3. IT proactive stance (opportunity orientation): Firm's ability to proactively search for ways to embrace IT innovations or exploit existing IT resources to create business opportunities (p. 935).

13. Pecking Order Theory

In the theory of firm's capital structure and financing decisions, the Pecking Order Theory or Pecking Order Model was first suggested by Donaldson in 1961, and it was modified by Stewart C. Myers and Nicolas Majluf in 1984. It states that companies prioritize their sources of financing (from private funding to equity) according to the Principle of least effort, or of least resistance, preferring to raise capital as an investment means of last resort. Hence, private funds are used first, and when that is depleted, debt is issued, and when it is not sensible to release any more debt, equity is issued. Pecking Order Theory starts with asymmetric information as managers know more about their company's prospects, risks and value than outside investors. Asymmetric information affects the choice between internal and external financing and between the issue of debt or equity. There, therefore, exists a pecking order for the funding of new projects.

2.3 PESTLE Analysis

PESTLE analysis, which is often referred to as PEST analysis, is a concept in marketing principles. This concept is also used as a tool by organizations to track the environment they are planning to launch a new project or product or service etc. **PESTLE** is a mnemonic which in its elaborated form means; P- represents Political, E- represents Economic, S- represents Social, T- represents Technological, L- represents Legal and E- represents Environmental. It gives a bird's view of the entire environment from many different prospective that one wants to verify and keep track of while speculating on a certain idea. The framework has undergone certain changes, as matters of Marketing have added certain things like an E for Ethics to impart

the element of demographics while utilizing the structure and also while researching of the market. There are certain inquiries that one needs to ask while handling this analysis, which gives them an idea of what things to keep in mind. They are as follows:

- What are the political situations of the country, and how can it have an impact on the industry or economy?
- What are the prevalent economic factors?
- How much relevance does culture have in the market, and what are its determinants?
- What are technological inventions likely to come up and affect the marketing structure?
- Are there any modern legislations that govern the industry, or can there be any changes in the legislation for the industry?
- What are the environmental interests of the industry?

All the aspects of this technique are critical for any industry, or a business might be involved. More than just understanding the market, this structure represents one of the backbones of strategic management that not only exemplifies what a company is supposed to but also considers for an organization's objectives and the strategies stringed to them. It may be so, that the relevance of each of the factors may be different to different kinds of industries. Still, it is obligatory to any strategy a company wants to develop that they administer the PESTLE analysis as it forms a much more extensive version of the SWOT analysis. It is very significant for one to understand the full meaning of each of the letters of the word PESTLE. It is as below:

- **Political:** These factors ascertain the extent to which a government may regulate the economy or a particular industry. For instance, a government may inflict a new tax or duty due to which entire revenue-creating structures of organizations may change. Political factors include tax policies, fiscal policies, trade tariffs etc. that a government may excise around the financial year, and it may influence the business environment to a high degree.
- **Economic:** These factors are reasons for an economy's performance that directly affects a company and have long-term effects. [For instance, an increment in the price of goods and services of any economy would affect the way companies' price their services and products. Adding to that, it would influence the purchasing power of a consumer and change supply/demand models for that economy. Economic factors include inflation rate, interest rates, the skill level of the workforce, foreign exchange rates, discretionary income, economic growth patterns, the efficiency of financial market etc. It also accounts for the Foreign Direct Investment (FDI) depending on specific distinct industries who're encountering this analysis.
- **Social:** These factors study the social environment of the market, and measure determinants like cultural trends, demographics, entrepreneurial spirit, population analytics, education etc. An example of this can be buying products for Western countries like the US where there is high demand during the holiday seasons.
- **Technological:** These factors pertain to discoveries in technology that may affect the operations of the industry and the market positively or negatively. This refers to automation, development and research and the amount of technological information that a market possesses.
- **Legal:** This has both external and internal factions. There are specific policies that affect the business environment in a particular country while there are specific laws that companies keep for themselves. The legal analysis takes into consideration both of these

points and then charts out the strategies in light of these legislations — for example, safety standards, consumer laws, labor laws etc.

- **Environmental:** These factors include all those that are influenced by the surrounding environment. This aspect of the PESTLE is essential for specific industries, particularly for example tourism, agriculture, farming, etc. Factors of a business environmental analysis include but are not restricted to agriculture, weather, farming, global changes in climate, geographical location, environmental offsets etc.
- There are many formats available for companies to conduct PESTLE analysis. Many organizations have provided information regarding their PESTLE analysis as case studies available on the Internet.

2.4 Management By Objectives (MBO)

In the last fifty years since the term Management by Objectives (MBO) was introduced, numerous methods, models and theories surfaced. The first segment of the paper addresses issues regarding the organizational objectives, more specifically the importance of the goals as a basis upon which the organization is established, the possible approaches of leading an organization, and how these approaches should manage the organization. The principal characteristic of management is to direct the leading toward achieving the predetermined objectives. The second segment of the paper discusses the MBO process, its advantages and disadvantages. Every organization works based on defined and appointed specified purposes. Organizational objectives are the reason for establishing a tourism organization, and according to them, the organization is managed, and the planning process is organized. The founder of the tourism organization has pre-determined objectives and to be able to achieve these objectives; he/she establishes a tourism organization. The organizational goals are clear: to produce positive economic results (the revenues to be higher than the expenses). The founder invests capital, and his/her aim is to achieve “good” profit. The term “good” indicates a profit margin; for example this can be between 10% and 15%. The organizational objectives specified as a specific profit margin, in future can be supplemented with other components. It is not recommended that the corporate goals for one tourism organization to be mono-dimensional: to focus only on making a profit and nothing else. The organizational objectives can be directed towards:

- Business ethics
- Corporate responsibility
- Environment protection
- Employee’s safety and health
- Shareholders’ interests

The organizational goals, from the beginning defined as a profit, but later on extended with additional elements, cannot be achieved if:

- The tourism organization does not operate
- The operating of the organization is not properly managed
- The tourism organization did not define paths which it needs to follow to be able to accomplish its objectives.

If the tourism organization achieves these objectives, it will achieve the key objective: increasing the profit of the whole organization. To be able to achieve all objectives including the key objective, the organization needs to be properly managed. The organizational objectives cannot be achieved by themselves. The management needs to accomplish its management

functions (planning, organizing, staffing, leading and controlling) and to be able to make decisions according to the organizational objectives. The planning process needs to be directed to achieve the key objective and everything has to be adapted to achieving the established organizational objectives. This is the core-concept of the Management by Objectives (MBO).

2.5 Organizational Objectives

Organizational objectives need to be:

- Achievable and realistic;
- Concrete and measurable;
- Time-determined;
- Clearly defined;
- In written and available to all employees.

“For someone to be a manager, he/she needs to be able to take responsibility. Manager’s duties include the objectives of the company and not his/her individual needs, and therefore the manager needs to be committed to the organizational objectives. The manager needs to understand the company objectives, what is expected from him/her, and how his/her performance will be measured. The views and the attitudes of all the managers within a company need to be compatible” (Drucker, 1961: p150). Until now, MBO by Drucker is still in the main focus for many researchers in the field of management.

The Management by Objectives is a management “philosophy” which is used by Peter Drucker, who states that the management based on set up objectives and self-control can be understood as a philosophy of management (Drucker, 1961, 158). The objectives of the MBO need to be SMART (Specific, Measurable, Achievable, Relevant, and Time-determined). In some areas, SMART can be extended to SMARTER, where E – means exciting and R – recorded. Instead of the traditional way of choosing the objectives, many organizations have started to use MBO. It is observed that this is a system where the management team, together with its employees decides what the specific goals in each department are. In doing this, each department is led by the overall company objectives. The process of achievement is periodically controlled and along follows appropriate motivation and reward system. As with any other method, MBO has its advantages and disadvantages. However, there is evidence of positive effects. Out of 70 MBO programs, productivity has increased in 68 cases (Robbins & Coulter, 2005: p165). It is crucial in the process of selecting the organizational objectives not to end up in a situation where some objectives are contradictable one to another. Experienced managers who applied MBO believe there are two advantages of this process: First, the program MBO continually emphasizes what needs to be done in the organization to achieve the objectives. Second, the MBO program provides a guarantee for employee loyalty for the achievement of the organizational objectives. Both the managers and other employees are concentrated on achieving the corporate objectives because they were the ones who set the targets. But, the MBO in spite of having many advantages also has disadvantages. First, the progress of the organizational objectives takes a long time, and this reduces the effective working time for the managers and other employees. Second, writing about the objectives, stating organizational objectives and detailed evaluation of the achievement of the corporate objectives increases the paperwork (Certo & Certo 2008: p145 – 146). Every manager – starting from the CEO, till the first-line managers, need to have clearly defined tasks (sub-objectives-T.K). These sub-objectives should show what results (goals) can be expected from the respective working group. All the sub-objectives ought to

clarify the contribution from the working group to help other groups to achieve their objectives (Drucker, 1961: p147).

2.6 Financial Ratios

There are five categories of ratios used in financial statement analysis. These are:

- **Liquidity Ratios**

Current ratio: The current ratio is a commonly used measure of short-run solvency, the ability of the firm to meet its debt requirements as they come due. Current liabilities are used as the denominator of the ratio because they are considered to represent the most urgent debts, requiring retirement within one year or one operating cycle. The available cash resources to satisfy these obligations must come primarily from money or the conversion to cash of other current assets (Fraser & Ormiston, 2004). Quick or acid-test ratio: The quick or acid-test ratio is a more rigorous test of short-run solvency than the current ratio because the numerator eliminates inventory, considered the least liquid current asset and the most likely source of losses (Fraser & Ormiston, 2004). Cash flow liquidity ratio. Another approach to measuring short-term solvency is the cash flow liquidity ratio, which considers cash flow from operating activities. Average collection period. The average collection period of accounts receivable is the average number of days required to convert receivables into cash. The ratio is calculated as the relationship between net accounts receivable and average daily sales. The average collection period helps gauge the liquidity of accounts receivable, the ability of the firm to collect from customers (Fraser & Ormiston, 2004). Day's payable outstanding: The day's payable outstanding is the average number of days it takes to pay payables in cash. This ratio offers insight into a firm's pattern of payments to suppliers (Fraser & Ormiston, 2004).

- **Activity Ratios**

Accounts receivable turnover: The accounts receivable turnover ratio measures how many times, on average, accounts receivable are collected in cash (Fraser & Ormiston, 2004). Accounts payable turnover: The accounts payable turnover ratio measures how many times, on average, payables are paid during the year (Fraser & Ormiston, 2004). Fixed assets turnover and total assets turnover: The fixed asset turnover and total assets turnover ratios are two approaches to assessing management's effectiveness in generating sales from investments in assets. The capital turnover considers only the firm's investment in property, plant, and equipment and is extremely important for a capital-intensive business. The total assets turnover measures the efficiency of managing all of a firm's assets (Fraser & Ormiston, 2004).

- **Leverage Ratios**

Debt ratio: The ratio of total debt to total assets measures the percentage of funds provided by creditors (Brigham & Houston, 2009). It considers the proportion of all goods that are financed with debt. Debt to equity: The debt to equity ratio measures the riskiness of the firm's capital structure regarding the relationship between the funds supplied by creditors and investors (Fraser & Ormiston, 2004). Time's interest earned: The time's interest earned ratio measures the extent to which operating income can decline before the firm is unable to meet its annual interest costs (Brigham & Houston, 2009).

- **Profitability Ratios**

Operating profit margin and net profit margin: Operating profit margin and net profit margin represent the firm's ability to translate sales in peso into profits at different stages of measurement. The operating profit margin, a measure of overall operating efficiency, incorporates all of the expenses associated with ordinary business activities. The net profit

margin measures profitability after consideration of all revenue and expense, including interest, taxes, and non-operating items (Fraser & Ormiston, 2004). Return on total assets and return on equity: Return on total assets and return on equity are two ratios that measure the overall efficiency of the firm in managing its total investment in assets and in generating the return to shareholders. Return on total assets indicates the amount of profit earned relative to the level of investment in total assets. Return on equity measures the return to common shareholders (Fraser & Ormiston, 2004). Basic earnings power ratio: Basic earnings power ratio calculated by dividing operating income (earnings before interest and taxes or EBIT) by total assets. This ratio shows the raw earning power of the firm's assets before the influence of taxes and debt, and it is useful when comparing companies with different debt and tax situations (Brigham & Houston, 2009).

- **Market Value Ratios**

Price-earnings ratio: The price-earnings ratio shows how much investors are willing to pay per peso of reported profits (Brigham & Houston, 2009). Market-book ratio: The market-book ratio shows how the investors regard the firm regarding its stock's market price to its book value (Brigham & Houston, 2009). Dividend yield: The dividend yield shows the shareholders' income-earning rate on shares based on market values. Moreover, this ratio shows the return shareholders are achieving on their investment, using current market value for listed shares.

- **Dupont Equation**

The DuPont system helps the analyst see how the firm's decisions and activities throughout an accounting period interact to produce an overall return to company's shareholders, restitution on equity (Fraser & Ormiston, 2004). Moreover, according to Brigham and Houston (2009), it is a formula that shows that the rate of return on equity can be found as the product of profit margin, total assets turnover, and the equity multiplier. It lists the relationships among activity, leverage, and profitability ratios.

2.7 Sources of finance to businesses

Sources of finance are the means by which a firm obtains the funds or money needed to pay for fixed assets and support the business. According to Floyd (2001), sources of finance could be grouped into external and internal sources. In other words, it could be classified as debt and equity depending on the purpose of the fund. External Source of Finance Debt is where an organization seeks capital outside the organization to undertake its day to day activities while Short Term Debts Short term debt is any liability which is expected to be paid within one year. Such liabilities include trade credit, bank loans payable within a year. Usually, this responsibility arises in the ordinary function of the business. In spite of emphasizes by several authors on fostering access to debt, Churchill and Frankiewicz (2006) argued that obtaining credit is not enough as a developmental tool. Consequently, alternate sources of financing such as equity financing, and more especially venture capital, should be taken into consideration.

- **Bank Overdraft**

This type occurs when a customer of a banking financial institution is allowed to over withdraw his bank account. In other words, this is the amount by which the account holder is authorized to withdraw more than the amount of his credit. More often than not, a bank grants overdraft when the firm has enough savings with the bank and that the companies known as the customer of the bank. As per Schell (1998), the company pays interest on the amount over withdrawn.

- **Long Term Debt**

These are liabilities which the businesses anticipate to pay off in a stipulated time give beyond one year. Long term obligations are most often used to finance assets of the firm that is to be purchased for and used over an extended period and not employed in the course of the day to day business operations, such as the case with assets like inventory. Assets which are financed from long term debts are fixed assets like equipment, plant and machinery land, and buildings, etc. Aryeetey et al., (1994).

Just like short term debts, long term liabilities consist of the following:

- **Leasing**

Leasing is a long term means of getting hold of finance for a profession. This agreement is between two parties where one party the renter obtains the right to use an asset and makes the period payment, known as rent, to the other party (lessor). Thus, instead of a firm acquiring an asset with cash, the business can obtain such an asset through hiring from another business. In leasing, the user of the property holds rights of the property, but the only, ownership rests with the lessor. Leasing contract could be operating (service), financed (capital). With the operating lease, according to Rose et al., (1996), operating lease is not fully amortized. That is, payments (rent) required are not enough to recover the full cost of the asset. This occurs due to the life span of the operating lease is usually lesser than the economic useful life cycle of the estate.

- **Internal Sources of Funds: Equity**

Equity financing, unlike debt financing, creates a more uniform or stable correlation in which ownership interests to the person, a firm or entity providing funds. Equity in business reflects the owners' investment in the market. This usually happens or comes from capital invested by the owners and through the profit generated by the firm, in case any sharing of profits taken by the owners. Equity funding is wholly an investment that is made with the hope of profit on that investment. These gains could come from future cash returns or cash flows of the firm, selling the business, taking a business public or from the resale of stock.

- **Partnership/ Joint Venture**

The partnership is one means through which individuals can contribute funds towards the operations of their business. Many people can come together as partners or joint ventures to form a firm. A partnership usually helps in risk management in periods of losses. As Harper (1984) said, a member of the company contributes to meet the needs of the firm in times of financial needs.

- **Personal Savings**

Storey (1995) further indicated that personal savings must be brought to the barest minimum levels and may end up in a steady lack of local savings with regards to domestic investment or accounts for surplus demand for available domestic savings. The most common source of funds for micro-businesses is through personal past accumulations of funds. With this source of finance, the individual personally starts the business with his /her past savings accumulated over a period. The merit associated with this source of funds is that there is no or low risk associated with it.

- **Retained Earnings**

This is a resolution by owners of a firm to plough back part of the enterprise's profit as reinvestment. Many companies recently perceive this source of a fund as a requisite of every growing business. Retained earnings refer to that part of a firm's legitimate profit which instead of withdrawing, it is maintained in the market in other to sustain 'the life of the business in the future. However, the retention of profit has an opportunity cost, Rose et al. (2012).

2.8 Stages in sustainable growth in SME

Stage i: Existence

At the point of inception, business owners conceptualize the big idea, test the market and determine what products and services they need to deploy to become an authentic organization. It is during this high-octane phase that the most amount of energy is spent – determining the target audience for an organization’s product or service, understanding market dynamics and believing in the longevity of a business plan. It is also in this start-up phase that small organizations see the leanest reporting lines; owner-operators frequently run the show themselves, setting the tone for culture and targets. They often work directly with all employees, keeping systems – as well as formal, complex strategies – out of the picture until the business proves that it can sustain itself. This simplicity of the process can be both a blessing and a curse. *Leaderonomics* went through a similar phase where our co-founders, Roshan together with Ang Hui Ming, would spend countless hours working directly with customers, vendors and with each employee to teach, incubate and drive new products and services. They would also handle finances, manage cash flow and work from Starbucks to build content, a website and even marketing col-laterals. Some companies, however, experience a hit at this point, forcing them to close or sell the business when investor money or capital runs out because they have failed to secure the targeted client or consumer base. Research in Malaysia shows that more than 90% of organizations fail at this stage.

Stage ii: Staying Alive

Companies that make it to this phase are those that have demonstrated that there is a demand for their product or service and that this market is the key to ensuring their survival in the next business stage. In other words, these companies have shown viable business models that can compete within the enormous market. According to HBR, the critical challenge in this phase relates to revenue and expenses: “Can we generate enough cash to break even and to cover the repair or replacement of our capital assets as they wear out? Can we, at a minimum, generate enough cash flow to stay in business and to finance growth to a sufficiently large size, given our industry and market niche, to earn an economic return on our assets and labor?” At this stage, the company operates in a manner only slightly more complicated than Stage I: direction still comes from the owner, while managers are put in place to ensure that targets are met; concerns are always centered on revenue and profitability. This is one of the toughest stages to be in every day; therefore, this issues are the center of attention. It was the same at *Leaderonomics* when we were in this stage. As a social enterprise, our crucial metric and measurement was our social impact. But to remain sustainable, revenue and expenses were our key secondary metrics. Also, when I dialogue with numerous CEOs who are in this stage, many of them feel helpless and crippled by the daily grind to keep the organization afloat. And while some organizations transition from this phase to Stage III, many get stuck in this virtuous and unending cycle.

Stage iii: Success

Here, success can come with a conundrum: do companies continue with its stable and profitable business? Or, do they make the most out of their achievements thus far and begin to scale and grow? This phase is divided into two sub-stages: Success-Disengagement (D) and Success-Growth (G). Companies at the D stage are described as those that have ‘attained true economic health, have sufficient size and product-market penetration to ensure economic success, and earn average or above-average profits’. Therefore, this means that the company would most likely choose to stay this way, which then creates the need to hire managers who would maintain

smooth-sailing business based upon linear company goals. HBR states: “Basic financial, marketing, and production systems are in place. Planning in the form of operational budgets supports functional delegation. The owner and, to a lesser extent, the company’s managers, should be monitoring a strategy to, essentially, maintain the status quo.” While hands-on and involved in previous stages, owners of companies in this stage would likely be more distant, after handing over daily operations to other managers. Over at the G stage, are companies that harbor ambitions for growth. This means that while the owner gathers all its resources to invest in expansion, the organization also has to ensure that the business stays profitable. Its talent pool is developed to meet the demands of the next stage of growth. Hiring managers, according to HBR, have to act with the company’s future strategy in mind, and not so much the current business, as the owner now takes on heavily strategic parts of the business that would drive the intended growth for the company.

Stage iv: Take Off!

At the G stage are companies that have the intent to take the business to the next level – however, if the venture fails, G companies should be able to detect this in time to scale back to D stage and stick to what is currently working best before incurring losses. HBR specifies that Stage IV companies should address two pertinent issues: delegation and cash. Here, owners must know if they are capable of delegating responsibility to others in order to improve the overall effectiveness of a new complex, and growing enterprise. And, if they can see mistakes being made. At this stage, where growth is intense and necessary for bigger gains, owners must ascertain if there is enough cash to manage changing demands and investments. Businesses become increasingly segmented at this stage, with the creation of departments and divisions which, according to HBR, are usually in sales or production.

Stage v: Sustainability

As companies enter this stage, management becomes decentralized, and systems are well-developed. The owner and the business are now comfortably apart from each other and the business has reached a stage where it has more than enough financial resources and executive talent. One of the speakers at the upcoming SME CEO Conference on April 26 is one of the co-founders of Jobstreet. Jobstreet was bought over by Seek Asia, and is one of the few SMEs that have managed to get to this stage. Suresh Thiru, who is today the CEO of Seek Asia, has seen the highs and lows of getting an organization through the various stages till it becomes sustainable and successful. It wasn’t easy and one that only few entrepreneurs succeed in. Recently, Jack Ma, China’s most successful entrepreneur, shared how his Alibaba team had a painful growth process. Yet, it endured and with an unorthodox business model, differentiated culture and solid structures and processes, together with Jack’s leadership, they managed to overcome the odds to take his SME to greatness.

2.9 SWOT Analysis

SWOT Analysis is a useful technique for learning your Strengths and Weaknesses, and for knowing both the Opportunities comes to you and the Threats you encounter.

Used in a business context, it helps you create a sustainable niche in your market. Used in a personal context, it enables you to develop your career in a way that takes the best advantage of your talents, abilities and opportunities.

- **Business SWOT Analysis**

What makes SWOT exceptionally powerful is that, with a little thought, it can help you open opportunities that you are well-placed to utilize. Moreover, by understanding the flaws of your business, you can manage and eliminate threats that would guess catch you unawares. Likewise,

by looking at yourself and your competitors using the SWOT structure, you can start to create a strategy that helps you differentiate yourself from your competitors so that you can compete successfully in your market.

Originated by Albert S. Humphrey in the 1960s, the tool is as useful now as it was then. You can use it in two ways – as a simple icebreaker helping people get together to "kick-off" strategy formulation, or in a more sophisticated way as a severe strategy tool.

Strengths

- What benefits does your organization have?
- What do you do interest than anyone else?
- What lowest-cost resources can you obtain that others can't?
- What do people and competitors in your market see as your strengths?
- What determinants mean that you "get the sale"?
- What is your organization's (USP) Unique Selling Proposition?

Consider your strengths from your customers and people in your market and an internal perspective. Also, if you're having any trouble identifying strengths, try listing of your organization's characteristics. Some of the listed will hopefully be your strengths. When looking at your strengths, think about them, similar to your competitors.

Weaknesses

- What could you improve?
- What should you avoid?
- What are people in your market anticipate seeing as weaknesses?
- What factors lose your sales?

Again, consider this from an internal and external perspective: Do other people seem to perceive weaknesses that you don't see? Are your competitors doing any better than you? It is best to be realistic now, and face any unpleasant truths as soon as possible.

Opportunities

- What excellent opportunities can you spot?
- What interesting trends are you aware of?

Useful opportunities can come from such things as:

- Changes in technology and markets on both a broad and narrow scale.
- Changes in government policy related to your field.
- Local events.

Threats

- What obstacles do you face?
- What are your competitors doing?
- Are quality standards or specifications for your job, products or services changing?
- Is changing technology threatening your position?
- Do you have bad debt or cash-flow problems?
- Could any of your weaknesses seriously threaten your business?

3.0 Research methodology

This chapter focused on how data of the research was gathered, the method employed, the data collection techniques used and the target population, the sample size and sampling techniques, as well as the data analysis method, employed. It finally looks at the factors that lead to the sustainability of small and medium enterprises in Ghana using PESTEL and theories

of entrepreneurship as a measuring tool. This study deployed a descriptive research design to agree on the factors that lead to the sustainability of SMEs in Ghana using PESTEL and theories of entrepreneurship as a measuring tool. Saunders et al., (2009) and Miller (1991) said that descriptive research portrays an accurate profile of persons, events, or situations. Quantitative research focuses on gathering statistics and generalize it across groups of people to explain the factors that lead to the sustainability of small and medium enterprises in Ghana using PESTEL and theories of entrepreneurship as a measuring tool. According to Gerhardt et al., (2002), conducting a quantitative research study is to determine the relationship between an independent variable and the dependent or outcome variable within a population, which often is the most efficient and cost-effective research method. The primary data sources were industries' working environment and industry employees (management and bottom workers) (interview, questionnaires and discussions). On the other hand, secondary data or desk review has been conducted to collect data from various secondary sources. It includes reports and project documents at each manufacturing sectors (more on medium and large level). Secondary data sources was obtained from pieces of literature from companies' manuals, reports, and some management documents. Also, reputable journals, books, different articles, periodicals, proceedings, magazines, newsletters, newspapers, websites, and other sources were considered. The population of the study encompassed of all the Small and Medium Enterprises operators and managers in Ghana, specifically in the Kumasi metropolis in Ghana. The sample size of the population was One thousand five hundred (1500) operators or owners in the Ashanti Region. The information needed for the study and the nature of the community, Non-Probability sampling techniques was used to deploy the questionnaire to the respondents. The researcher further adopted quota, stratified and convenient sampling techniques so that equal opportunity would be given to each group. Quota sampling was employed to specify a specific number to each group in the Region. After allocating the required amount to each group, convenient sampling was used to choose respondents who were available to the data needed. In selecting the sample size of the entrepreneurs in the Ashanti Region, the Slovin's (1973) sampling method was adopted. The formula is presented as; $n = \frac{N}{1 + N(e)^2}$ (where n = sample size; N = sample frame; and e = margin of error/confidence level. One thousand five hundred (1500) being the population, now, using a margin of error of .06%, and applying the Slovin's formula to compute for the sample size of study two hundred and seventy-seven (277) resulted in the following:

$$n = \frac{N}{1 + N(e)^2} = \frac{1500}{1 + 1500(0.06)^2} = 277$$

The SMEs were grouped into two (2) that is, (A) and (B) of which (A) represents Small Enterprises and B also represents Medium Enterprises for easy facilitation of administration of the questionnaire. Convenient sampling was used to select three hundred (300) from each group to ensure that the required information has been given for the study. Based on the method of selection, it is agreed that roughly all the small and medium scale enterprises in the Ashanti Region are equally represented for the research study. Managers and entrepreneurs were selected randomly and helped tremendously with the information. The data collected and gathered from the different sources using the designed questionnaires were analyzed in a way that was meant to aid the reader to make sense of the information contained in the researcher's findings. The use of a reliability test in data analysis shapes the study to remain reliable and valid. Yin (2003) explained that the role of reliability is to minimize errors and biases in a case study. This study ensured that respondents and any participant in this research given the needed respect. Researcher avoided contacting the managers or owners without their approval or consent. Permissions were sought and the aims and objectives of the study made known to the

appropriate authorities (management) as well as the respondents before the administration of the questionnaires.

4.0 Data presentation and analysis

The raw information gathered has been processed using statistical package for social sciences (SPSS) so that the data could be well analyzed and it is displayed in the form of tables for a straightforward interpretation of the study.

4.1 Factors that contributes to SME's sustainability

Table 4.1.1 Formation of Business

| Formation of Business | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|--------------------------------|-----------|---------|---------------|--------------------|
| Valid | Started a new business | 140 | 49.1 | 49.6 | 49.6 |
| | Purchased an existing business | 57 | 20.0 | 20.2 | 69.9 |
| | Franchising | 85 | 29.8 | 30.1 | 100.0 |
| Total | | 282 | 98.9 | 100.0 | |
| Missing | Missing | 3 | 1.1 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 49.1 % of the respondent started a new business, 20.0% of the respondents purchased an existing business, while 29.8% of the respondents began with franchising and 1.1% were indifferent. The implication is that majority of the respondent began their businesses.

Table 4.1.2 Category of Business

| Category of Business | | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------------|-----------|---------|---------------|--------------------|
| Valid | Small business | 178 | 62.5 | 63.1 | 63.1 |
| | Medium business | 104 | 36.5 | 36.9 | 100.0 |
| | Total | 282 | 98.9 | 100.0 | |
| Missing | missing | 3 | 1.1 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 62.5 % of the respondent started a small business while 35.5% of the respondents belong to the medium business, and 1.1% were indifferent. The implication is that majority of the respondent belongs for small enterprises.

Table 4.1.3 Type of Business

| Type of Business | | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------|---------------------|-----------|---------|---------------|--------------------|
| Valid | Sole proprietorship | 183 | 64.2 | 65.1 | 65.1 |
| | Partnership | 98 | 34.4 | 34.9 | 100.0 |
| | Total | 281 | 98.6 | 100.0 | |
| Missing | missing | 4 | 1.4 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 64.2% of the respondent started a sole proprietorship while 34.4% of the respondents belong to the partnership and 1.4% were indifferent. The implication is that majority of the respondent belongs to a sole proprietorship.

Table 4.1.4 Good Management Contribute to SME's Sustainability

| Good Management | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 12 | 4.2 | 4.3 | 4.3 |
| | Disagree | 24 | 8.4 | 8.6 | 12.9 |
| | Neutral | 90 | 31.6 | 32.3 | 45.2 |
| | Agree | 100 | 35.1 | 35.8 | 81.0 |
| | Strongly agree | 53 | 18.6 | 19.0 | 100.0 |
| Total | | 279 | 97.9 | 100.0 | |
| Missing | missing | 6 | 2.1 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 4.2 % of the respondent strongly disagree that proper management contributes to SME's sustainability; 8.4 % also differ that proper management contributes to SME's sustainability. 31.6% were indifferent 35.1% of the respondent similarly agreed that adequate management adds to SME's sustainability while 18.6% of the respondent strongly agreed that good management contributes to SME's sustainability and 2.1% could not tell where they belong. It is clear that majority of the respondent believes that good management contribute to SME's sustainability.

Table 4.1.5 Quality products contributes to SME's Sustainability

| Quality Products | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly disagree | 8 | 2.8 | 2.9 | 2.9 |
| Disagree | 20 | 7.0 | 7.2 | 10.1 |
| Neutral | 71 | 24.9 | 25.5 | 35.6 |
| Agree | 115 | 40.4 | 41.4 | 77.0 |
| Strongly agree | 64 | 22.5 | 23.0 | 100.0 |
| Total | 278 | 97.5 | 100.0 | |
| Missing missing | 7 | 2.5 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.8 % of the respondent strongly disagree that quality products contribute to SME's sustainability; 7.0 % also differ that that quality product contributes to SME's sustainability. 24.9% were indifferent 40.4% of the respondent similarly agreed that quality products help to SME's sustainability whiles 22.5% of the respondent strongly agreed that that quality product contributes to SME's sustainability and 2.5% could not tell where they belong. It is clear that majority of the respondent believes that that quality product contributes to SME's sustainability.

Table 4.1.6 Good management of funds contribute to SME's sustainability

| Good Management | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly disagree | 9 | 3.2 | 3.3 | 3.3 |
| Disagree | 20 | 7.0 | 7.3 | 10.5 |
| Neutral | 68 | 23.9 | 24.7 | 35.3 |
| Agree | 96 | 33.7 | 34.9 | 70.2 |
| strongly agree | 82 | 28.8 | 29.8 | 100.0 |
| Total | 275 | 96.5 | 100.0 | |
| Missing missing | 10 | 3.5 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.2 % of the respondent strongly disagree that proper management of funds contributes to SME's sustainability, 7.0% also differ that appropriate control of funds contribute to SME's sustainability, 23.9% were indifferent 33.7% of the respondent similarly. Agreed that reasonable control of funds adds to SME's sustainability. Whiles 28.8% of the

respondent strongly agreed that reasonable control of funds contributes to SME's sustainability, and 3.5% could not tell where they belong. It is clear that majority of the respondent believes that reasonable control of funds contribute to SME's sustainability.

Table 4.1.7 Proper investment in new business contribute to SME's sustainability

| Proper Investment | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 9 | 3.2 | 3.3 | 3.3 |
| | Disagree | 18 | 6.3 | 6.5 | 9.8 |
| | Neutral | 64 | 22.5 | 23.3 | 33.1 |
| | Agree | 117 | 41.1 | 42.5 | 75.6 |
| | Strongly agree | 67 | 23.5 | 24.4 | 100.0 |
| | Total | 275 | 96.5 | 100.0 | |
| Missing | missing | 10 | 3.5 | | |
| | Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.2 % of the respondent strongly disagree that proper investment in new business contributes to SME's sustainability, 6.3% also differ that adequate investment in new business contributes to SME's sustainability, 22.5% were indifferent. 41.1% of the respondent similarly agreed that sufficient investment in new business add to SME's sustainability whiles 23.5% of the respondent strongly agreed that adequate investment in new business contribute to SME's sustainability and 3.5% could not tell where they belong. Majority of the respondent believes that appropriate investment in new business contributes to SME's sustainability.

Table 4.1.8 Good working hours contribute to SME's sustainability

| Good working hours | | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 11 | 3.9 | 4.0 | 4.0 |
| | Disagree | 18 | 6.3 | 6.6 | 10.6 |
| | Neutral | 76 | 26.7 | 27.7 | 38.3 |
| | Agree | 117 | 41.1 | 42.7 | 81.0 |
| | Strongly agree | 52 | 18.2 | 19.0 | 100.0 |
| | Total | 274 | 96.1 | 100.0 | |
| Missing | missing | 11 | 3.9 | | |
| | Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.9 % of the respondent strongly disagree that good working hours contribute to SME's sustainability, 6.3% also differ that good working hours contribute to SME's sustainability 26.7% were indifferent 41.1% of the respondent similarly agreed that good working hours provide to SME's sustainability. Whiles 18.2% of the respondent strongly agreed that good working hours contribute to SME's sustainability, and 3.5% could not tell where they

belong. Majority of the respondent believes that good working hours contribute to SME's sustainability.

Table 4.1.9 Good location of business contribute to SME'S sustainability

| Good Location | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 12 | 4.2 | 4.4 | 4.4 |
| | Disagree | 28 | 9.8 | 10.2 | 14.5 |
| | Neutral | 53 | 18.6 | 19.3 | 33.8 |
| | Agree | 119 | 41.8 | 43.3 | 77.1 |
| | Strongly agree | 63 | 22.1 | 22.9 | 100.0 |
| | Total | 275 | 96.5 | 100.0 | |
| Missing | missing | 10 | 3.5 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 4.2 % of the respondent strongly disagree that proper location of business contributes to SME's sustainability, 9.8% also differ that adequate area of activity contributes to SME's sustainability, 18.6% too indifferent that suitable area of exercise help to SME's sustainability. 41.1% of the respondent similarly agreed that appropriate place of use help to SME's sustainability and 18.6% of the respondent strongly agree that good consumer or customer care provides SME's sustainability whiles and 3.5% could not tell where they belong. Majority of the respondent believes that the proper location of business contributes to SME's sustainability.

Table 4.1.10 Good consumer or customer care contribute SME's sustainability

| Good consumer/customer care | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 12 | 4.2 | 4.3 | 4.3 |
| | Agree | 26 | 9.1 | 9.4 | 13.7 |
| | Neutral | 57 | 20.0 | 20.5 | 34.2 |
| | Agree | 116 | 40.7 | 41.7 | 75.9 |
| | Strongly agree | 67 | 23.5 | 24.1 | 100.0 |
| | Total | 278 | 97.5 | 100.0 | |
| Missing | missing | 7 | 2.5 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 4.2 % of the respondent strongly disagree that good consumer or customer care contribute SME's sustainability, 9.1% also disagree that good consumer or customer care add SME's sustainability, 20.0% even indifferent that good consumer or customer care help SME's sustainability, 40.7% also agree that good consumer or customer care help

SME's sustainability 2.5% also agree that good consumer or customer care provides SME's sustainability.

Table 4.1.11 Reasonable pay of employees contributes to SME's sustainability

| Reasonable Pay | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Strongly disagree | 7 | 2.5 | 2.5 | 2.5 |
| Disagree | 22 | 7.7 | 7.9 | 10.4 |
| Neutral | 80 | 28.1 | 28.7 | 39.1 |
| Agree | 103 | 36.1 | 36.9 | 76.0 |
| Strongly agree | 67 | 23.5 | 24.0 | 100.0 |
| Total | 279 | 97.9 | 100.0 | |
| Missing missing | 6 | 2.1 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.5 % of the respondent strongly disagree that reasonable paid to employees contribute to SME'S sustainability, 7.7% also differ that reasonable paid to employees contribute to SME's sustainability 28.1% were indifferent. 36.1% of the respondent similarly agreed that reasonable paid to employees contribute to SME's sustainability while 23.5% of the respondent strongly agreed that reasonable paid to employees contribute to SME's sustainability and 2.1% could not tell where they belong. It is clear that majority of the respondent believes that reasonable paid to employees contribute to SME's sustainability.

Table 4.1.12 Constant supply of products contributes to SME's sustainability

| Constant supply of products | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------------|-----------|---------|---------------|--------------------|
| Strongly disagree | 11 | 3.9 | 3.9 | 3.9 |
| Disagree | 15 | 5.3 | 5.4 | 9.3 |
| Neutral | 83 | 29.1 | 29.7 | 39.1 |
| Agree | 96 | 33.7 | 34.4 | 73.5 |
| Strongly agree | 74 | 26.0 | 26.5 | 100.0 |
| Total | 279 | 97.9 | 100.0 | |
| Missing missing | 6 | 2.1 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.9 % of the respondent strongly disagree that constant supply of products contributes to SME's sustainability, 5.3% also differ that constant supply of products contributes to SME's sustainability 29.1% were indifferent. 33.7% of the respondent similarly agreed that constant supply of products provides to SME's sustainability while 26.0% of the respondent strongly agreed that reasonable paid to employees contribute to SME's sustainability and 2.1% could not tell where they belong. It is clear that majority of the respondent believes that the constant supply of products contributes to SME's sustainability.

Table 4.1.13 Prompt payment by creditors contributes to SME's sustainability

| Prompt payment by creditors | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------------|-----------|---------|---------------|--------------------|
| Strongly disagree | 10 | 3.5 | 3.6 | 3.6 |
| Disagree | 14 | 4.9 | 5.0 | 8.6 |
| Neutral | 55 | 19.3 | 19.7 | 28.3 |
| Agree | 107 | 37.5 | 38.4 | 66.7 |
| Strongly agree | 93 | 32.6 | 33.3 | 100.0 |
| Total | 279 | 97.9 | 100.0 | |
| Missing missing | 6 | 2.1 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.5 % of the respondent strongly disagree that prompt payment by creditors contributes to SME's sustainability, 4.9% also differ that immediate payment by creditors contributes to SME's sustainability 19.3% were indifferent. 37.5% of the respondent similarly agreed that timely payment by creditors contributes to SME's sustainability while 32.6% of the respondent strongly agreed that prompt payment by creditors contributes to SME's sustainability and 2.1% could not tell where they belong. It is clear that majority of the respondent believes that immediate payment by creditors contributes to SME's sustainability.

4.2 Variables that leads to SME's collapse

Table 4.2.1 Poor performance by employees collapse SME's

| Poor Performance By Employees | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------------|-----------|---------|---------------|--------------------|
| Strongly disagree | 20 | 7.0 | 8.1 | 8.1 |
| Disagree | 28 | 9.8 | 11.4 | 19.5 |
| Neutral | 81 | 28.4 | 32.9 | 52.4 |
| Agree | 33 | 11.6 | 13.4 | 65.9 |
| Strongly agree | 84 | 29.5 | 34.1 | 100.0 |
| Total | 246 | 86.3 | 100.0 | |
| Missing missing | 39 | 13.7 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 7.0 % of the respondent strongly disagree that poor performance by employee's collapse SME's, 9.8% also disagree that poor performance by employees collapse SME's 28.4% were indifferent. 11.6% of the respondent similarly agreed that poor performance by employees collapse SME's whiles 29.5% of the respondent strongly agreed that poor performance by employees collapse SME's and 13.7% could not tell where they belong. It is clear that majority of the respondent believes that poor performance by employees collapse SME's.

Table 4.2.2 New Market entrant can collapse SME's

| New market entrant | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------|-----------|---------|---------------|--------------------|
| Strongly disagree | 2 | .7 | .8 | .8 |
| Disagree | 28 | 9.8 | 11.4 | 12.2 |
| Neutral | 76 | 26.7 | 30.9 | 43.1 |
| Agree | 93 | 32.6 | 37.8 | 80.9 |
| Strongly agree | 47 | 16.5 | 19.1 | 100.0 |
| Total | 246 | 86.3 | 100.0 | |
| Missing missing | 39 | 13.7 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 0.7 % of the respondent strongly disagree that new market entrant can collapse SME's, 9.8% also disagree that new market entrant can collapse SME's 26.7% were indifferent. 32.6% of the respondent similarly agreed that new market entrant could collapse SME's whiles.5% of the respondent strongly agreed that new market entrant could collapse SME's and 13.7% could not tell where they belong. It is clear that majority of the respondent believes that new market entrant can collapse SME's.

Table 4.2.3 Increasing share of stakeholders affects performance of SME's

| Increasing share of stakeholders | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------------|-----------|---------|---------------|--------------------|
| Disagree | 27 | 9.5 | 11.1 | 11.1 |
| Neutral | 84 | 29.5 | 34.4 | 45.5 |
| Agree | 73 | 25.6 | 29.9 | 75.4 |
| Strongly agree | 60 | 21.1 | 24.6 | 100.0 |
| Total | 244 | 85.6 | 100.0 | |
| Missing missing | 41 | 14.4 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 0.7 % of the respondent strongly disagree that increasing share of stakeholders affects performance of SME's, 9.8% also disagree that increasing percentage of stakeholder's affects performance of SME's 26.7% were indifferent. 32.6% of the respondent similarly agreed that increasing percentage of stakeholders affects performance of SME's while 5.5% of the respondent strongly agreed that new market entrant could collapse SME's and 13.7% could not tell where they belong. It is clear that majority of the respondent believes that increasing share of stakeholders affects the performance of SME's.

Table 4.2.4 Wrong investment in new business collapse SME

| Wrong investment in new business | | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 7 | 2.5 | 2.9 | 2.9 |
| | Disagree | 28 | 9.8 | 11.4 | 14.3 |
| | Neutral | 53 | 18.6 | 21.6 | 35.9 |
| | Agree | 107 | 37.5 | 43.7 | 79.6 |
| | Strongly disagree | 50 | 17.5 | 20.4 | 100.0 |
| Total | | 245 | 86.0 | 100.0 | |
| Missing | missing | 40 | 14.0 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.5 % of the respondent strongly disagree that wrong investment in new business collapse SME, 9.8% also disagree that wrong investment in further business collapse SME 37.5% was indifferent. 18.6% of the respondent similarly agreed that wrong investment in late business collapse SME while 17.5% of the respondent strongly agreed that new market entrant could collapse SME's and 14.0% could not tell where they belong. It is clear that majority of the respondent believes that wrong investment in further business collapse SME.

Table 4.2.5 Poor working environment leads to the collapse of SME

| Poor working environment | | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 8 | 2.8 | 3.3 | 3.3 |
| | Disagree | 22 | 7.7 | 9.0 | 12.2 |
| | Neutral | 75 | 26.3 | 30.6 | 42.9 |
| | Agree | 90 | 31.6 | 36.7 | 79.6 |
| | Strongly agree | 50 | 17.5 | 20.4 | 100.0 |
| Total | | 245 | 86.0 | 100.0 | |
| Missing | missing | 40 | 14.0 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.5 % of the respondent strongly disagree that poor working environment leads to the collapse of SME, 9.8% also disagree that poor working environment leads to the collapse of SME, 37.5% were indifferent. 18.6% of the respondent similarly agreed that poor working environment leads to the collapsed of SME while 17.5% of the respondent strongly agreed that new market entrant could collapse SME's and 14.0% could not tell where

they belong. It is clear that majority of the respondent believes that wrong investment in further business collapse SME.

Table 4.2.6 Too many workers leads to collapse of SME

| Too many workers | | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 9 | 3.2 | 3.7 | 3.7 |
| | Disagree | 29 | 10.2 | 11.8 | 15.4 |
| | Neutral | 82 | 28.8 | 33.3 | 48.8 |
| | Agree | 85 | 29.8 | 34.6 | 83.3 |
| | Strongly agree | 41 | 14.4 | 16.7 | 100.0 |
| | Total | 246 | 86.3 | 100.0 | |
| Missing | missing | 39 | 13.7 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.2 % of the respondent strongly disagree that too many workers lead to the collapse of SME's, 10.2% also disagree that too many workers lead to the destruction of SME's 28.8% were indifferent. 29.8% of the respondent similarly agreed that too many workers lead to a disruption of SME's while 14.4% of the respondent strongly decided that too many workers lead to failure of SME's and 13.7% could not tell where they belong. It is clear that majority of the respondent believes that too many workers lead to the collapse of SME's.

Table 4.2.7 Poor consumer or customer care can lead to the collapse of the SME

| Poor consumer or customer care | | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 7 | 2.5 | 2.9 | 2.9 |
| | Disagree | 21 | 7.4 | 8.6 | 11.4 |
| | Neutral | 62 | 21.8 | 25.3 | 36.7 |
| | Agree | 103 | 36.1 | 42.0 | 78.8 |
| | Strongly agree | 52 | 18.2 | 21.2 | 100.0 |
| | Total | 245 | 86.0 | 100.0 | |
| Missing | missing | 40 | 14.0 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.5 % of the respondent strongly disagree that poor consumer or customer care can lead to the collapse of the SME's, 7.4% also disagree that poor consumer or customer care can lead to the failure of the SME's 21.8% were indifferent. 36.1% of the respondent similarly agreed that poor consumer or customer care could lead to the collapse of

the SME's while 18.2% of the respondent strongly agreed that poor consumer or customer care could lead to the failure of the SME'S and 14.0% could not tell where they belong. It is clear that majority of the respondent believes that poor consumer or customer care can lead to the collapse of the SME's.

Table 4.2.8 High paid employees can collapse the SME

| High paid employees | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 4 | 1.4 | 1.6 | 1.6 |
| | Disagree | 36 | 12.6 | 14.6 | 16.3 |
| | Neutral | 71 | 24.9 | 28.9 | 45.1 |
| | Agree | 81 | 28.4 | 32.9 | 78.0 |
| | Strongly agree | 54 | 18.9 | 22.0 | 100.0 |
| | Total | 246 | 86.3 | 100.0 | |
| Missing | missing | 39 | 13.7 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.5 % of the respondent strongly disagree that high paid employees can collapse the SME's, 7.4% also disagree that top-paid employees can collapse the SME's. 21.8% were indifferent 36.1% of the respondent similarly agreed that high paid employees could collapse the SME's while 18.2% of the respondent strongly agreed top-paid employees could collapse the SME's and 14.0% could not tell where they belong. It is clear that majority of the respondent believes that high paid employees can collapse the SME's.

Table 4.2.9 Nepotism leads to the collapse of SME

| Nepotism | | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 11 | 3.9 | 4.5 | 4.5 |
| | Disagree | 18 | 6.3 | 7.3 | 11.8 |
| | Neutral | 63 | 22.1 | 25.6 | 37.4 |
| | Agree | 76 | 26.7 | 30.9 | 68.3 |
| | Strongly agree | 78 | 27.4 | 31.7 | 100.0 |
| | Total | 246 | 86.3 | 100.0 | |
| Missing | missing | 39 | 13.7 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.5 % of the respondent strongly disagree that nepotism leads to the collapse of SME's, 7.4% also disagree that nepotism leads to the destruction of SME's; 21.8 % were indifferent. 36.1% of the respondent similarly agreed that nepotism leads to the collapse of SME's, while 18.2% of the respondent strongly agreed high nepotism leads to the destruction of SME's, and 14.0% could not tell where they belong. It is clear that majority of the respondent believes that nepotism leads to the failure of SME's.

Table 4.2.10 Poor management leads to the collapse of SME

| Poor Management | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 9 | 3.2 | 3.7 | 3.7 |
| | Disagree | 10 | 3.5 | 4.1 | 7.7 |
| | Neutral | 43 | 15.1 | 17.5 | 25.2 |
| | Agree | 77 | 27.0 | 31.3 | 56.5 |
| | Strongly agree | 107 | 37.5 | 43.5 | 100.0 |
| | Total | 246 | 86.3 | 100.0 | |
| Missing | missing | 39 | 13.7 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.2 % of the respondent strongly disagree that poor management leads to the collapse of SME's; 3.5 % also disagree that poor management leads to the failure of SME's. 15.1% were indifferent 27.0% of the respondent similarly agreed that poor management leads to the collapse of SME's, while 37.5% of the respondent strongly agreed poor management leads to the failure of SME's, and 13.7% could not tell where they belong. It is clear that majority of the respondent believes that poor management leads to the destruction of SME's.

4.3 Various sources of funds available to SME's

The above table shows that 59.3% of the respondents used debt finance as their source of funds. 36.5% of the respondents also used equity finance as their source of funds, while 3.5% of the respondents are indifferent. The implication is that majority of the respondent used debt finance as the source of funding.

Table 4.3.1 Types of Loan Access to SME's

| Types of Loan Access | | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Short term loans | 63 | 22.1 | 23.1 | 23.1 |
| | Medium term loans | 55 | 19.3 | 20.1 | 43.2 |
| | Long term loans | 79 | 27.7 | 28.9 | 72.2 |
| | Equity | 76 | 26.7 | 27.8 | 100.0 |
| | Total | 273 | 95.8 | 100.0 | |
| Missing | missing | 12 | 4.2 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.1% of the respondent's accessed short term loan from the banks, 19.3% of the respondents also resorted to medium-term loan while 27.7% of the respondents also accessed long term from the banks and 26.7% of the respondents never resorted to any bank loans and 4.2 were indifferent. Majority of the respondent used equity finance.

Table 4.3.2 Lending agencies/Banks available

| Lending Agencies/Banks | | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------------|-----------------|-----------|---------|---------------|--------------------|
| Valid | Rural bank | 102 | 35.8 | 37.2 | 37.2 |
| | Micro finance | 64 | 22.5 | 23.4 | 60.6 |
| | Commercial bank | 108 | 37.9 | 39.4 | 100.0 |
| | Total | 274 | 96.1 | 100.0 | |
| Missing | Missing | 11 | 3.9 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 35.9% of the respondent's accessed loan from rural banks, 12.51% of the respondents also resorted to microfinance for loan while 22.5% of the respondents also accessed long from commercial banks and 37.9% of the respondents were indifferent. Majority of the respondent obtained a loan from commercial banks.

Table 4.3.3 Cost incurred when sourcing for funds from banks

| Cost incurred | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|---------------------|-----------|---------|---------------|--------------------|
| Valid | Processing fee | 16 | 5.6 | 5.8 | 5.8 |
| | Collateral security | 63 | 22.1 | 23.0 | 28.8 |
| | insurance | 88 | 30.9 | 32.1 | 60.9 |
| | N/A | 107 | 37.5 | 39.1 | 100.0 |
| Total | | 274 | 96.1 | 100.0 | |
| Missing | missing | 11 | 3.9 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 5.6% of the respondent believes that the processing fee was the cost when accessing a loan from the bank. 22.1% of the respondents also believe that collateral security was the cost when accessing bank loan while 30.9% of the respondents also believe that insurance of the loan is the cost when obtaining credit from banks. 37.5% of the respondents were indifferent since they did not access loan from any of the banks as they used equity finance as their source of fund. It was evident that majority of the respondent was not aware of any cost

Table 4.3.4 Credit and grant processing duration

| Credit and grant processing | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------------|-----------|---------|---------------|--------------------|
| Valid Very short | 37 | 13.0 | 13.5 | 13.5 |
| Valid Very long | 11 | 3.9 | 4.0 | 17.5 |
| Valid Quite long | 117 | 41.1 | 42.7 | 60.2 |
| Valid N/A | 109 | 38.2 | 39.8 | 100.0 |
| Valid Total | 274 | 96.1 | 100.0 | |
| Missing missing | 11 | 3.9 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 13.0% of the respondent's agreed that it is concise accessing a loan from the banks, 3.9% of the respondents also agreed that it is very long accessing loan while 41.1% of the respondents also it is quite long obtaining a loan from the banks. 38.2% of the respondents did not access credit from banks because they used equity finance, and 3.9 of the respondents were indifferent. Majority of the respondent did not feel much stress during loan assessment form the banks.

Table 4.3.5 Problems faced when obtaining credit from the banks

| Problems faced when obtaining credit | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------------------|-----------|---------|---------------|--------------------|
| Valid high interest rate | 16 | 5.6 | 5.8 | 5.8 |
| Valid collateral security | 55 | 19.3 | 20.1 | 25.9 |
| Valid guarantor | 98 | 34.4 | 35.8 | 61.7 |
| Valid NA | 105 | 36.8 | 38.3 | 100.0 |
| Valid Total | 274 | 96.1 | 100.0 | |
| Missing missing | 11 | 3.9 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 5.6% of the respondent's high-interest rate is the problem they face when accessing a loan from the banks, 19.5% of the respondents also believe that collateral security is an obstacle when obtaining credit. 36.8% of the respondents have no idea about any obstacle since they used equity finance banks, and 3.9% of the respondents were indifferent. It is evident that majority of the respondent used personal finance

4.4 Ascertain the impact of factors that influence the sustainability of SME's

Table 4.4.1 High income effects SME's performance

| High income | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid Strongly disagree | 6 | 2.1 | 2.5 | 2.5 |
| Disagree | 21 | 7.4 | 8.8 | 11.3 |
| Neutral | 91 | 31.9 | 38.2 | 49.6 |
| Agree | 69 | 24.2 | 29.0 | 78.6 |
| Strongly agree | 51 | 17.9 | 21.4 | 100.0 |
| Total | 238 | 83.5 | 100.0 | |
| Missing missing | 47 | 16.5 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.1 % of the respondent strongly disagree that high income affects SME's performance and sustainability; 7.4 % also disagree that high income affects SME's performance and sustainability 31.9% were indifferent. The 24.2% of the respondent similarly agreed that high income affects SME's performance and durability while 17.9% of the respondent strongly agreed that high income affects SME's performance and durability and 16.5% could not tell where they belong. It is clear that majority of the respondent was indifferent high income affects SME's performance and sustainability.

Table 4.4.2 Management of SME's affects performance creditability

| Management of SME's | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Valid Strongly disagree | 7 | 2.5 | 2.9 | 2.9 |
| Disagree | 23 | 8.1 | 9.7 | 12.6 |
| Neutral | 57 | 20.0 | 23.9 | 36.6 |
| Agree | 105 | 36.8 | 44.1 | 80.7 |
| Strongly agree | 46 | 16.1 | 19.3 | 100.0 |
| Total | 238 | 83.5 | 100.0 | |
| Missing missing | 47 | 16.5 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.1 % of the respondent strongly disagree that management of SME's affects performance creditability. The 7.4% also disagree that management of SME'S affects performance creditability 31.9% were indifferent 24.2% of the respondent similarly agreed that control of SME's affects performance creditability While 17.9% of the respondent strongly decided that management of SME's affects performance creditability, and 16.5% could not tell where they belong. Majority of the respondent agreed that the administration of SME's affects performance creditability.

Table 4.4.3 Quality products of SME's enhance performance

| Quality products of SME's | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 10 | 3.5 | 4.2 | 4.2 |
| | Disagree | 24 | 8.4 | 10.2 | 14.4 |
| | Neutral | 54 | 18.9 | 22.9 | 37.3 |
| | Agree | 83 | 29.1 | 35.2 | 72.5 |
| | Strongly agree | 65 | 22.8 | 27.5 | 100.0 |
| | Total | 236 | 82.8 | 100.0 | |
| Missing | missing | 49 | 17.2 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.5 % of the respondent strongly disagree that quality products of SME'S enhance performance, 8.4% also disagree that quality products of SME'S improve performance, 18.9% were indifferent 29.1% of the respondent similarly agreed that quality products of SME'S enhance performance. Whiles 22.8% of the respondent strongly agreed that quality products of SME'S enhance performance, and 17.2% could not tell where they belong. It is clear that majority of the respondent agreed that quality products of SME'S improve performance.

Table 4.4.4 Hardworking employees has impact on SME's performance

| Hardworking employees | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 7 | 2.5 | 3.0 | 3.0 |
| | Disagree | 19 | 6.7 | 8.0 | 11.0 |
| | Neutral | 44 | 15.4 | 18.6 | 29.5 |
| | Agree | 116 | 40.7 | 48.9 | 78.5 |
| | Strongly agree | 51 | 17.9 | 21.5 | 100.0 |
| | Total | 237 | 83.2 | 100.0 | |
| Missing | missing | 48 | 16.8 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 2.5 % of the respondent strongly disagree that hard-working employees have an impact on SME's performance, 6.7% also disagree that hard-working employees affect SME's performance; 15.4 % were indifferent. The 40.7% of the respondent similarly agreed that hard-working employees have an effect on SME's performance, whiles 19.9% of the respondent strongly agreed that hard-working employees affect SME's performance, and 16.8% could not tell where they belong. It is clear that majority of the respondent agreed that hard-working employees affect SME's performance.

Table 4.4.6 Effect of poor communication on SME's performance

| Effect of poor communication | | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 12 | 4.2 | 5.1 | 5.1 |
| | Disagree | 20 | 7.0 | 8.4 | 13.5 |
| | Neutral | 46 | 16.1 | 19.4 | 32.9 |
| | Agree | 95 | 33.3 | 40.1 | 73.0 |
| | Strongly agree | 64 | 22.5 | 27.0 | 100.0 |
| | Total | 237 | 83.2 | 100.0 | |
| Missing | missing | 48 | 16.8 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 4.2 % of the respondent strongly disagree that poor communication does affect SME performance 7.0% also disagree that poor communication does affect SME performance; 16.1 % were indifferent. The 33.3% of the respondent similarly agreed that poor communication does affect SME performance, while 22.5% of the respondent strongly agreed that poor communication does affect SME performance, and 16.8% could not tell where they belong. It is clear that majority of the respondent agreed that poor communication does affect SME performance.

Table 4.4.7 Lack of technology has impact on performance of SME's

| Lack of technology | | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 9 | 3.2 | 3.8 | 3.8 |
| | Disagree | 16 | 5.6 | 6.8 | 10.5 |
| | Neutral | 63 | 22.1 | 26.6 | 37.1 |
| | Agree | 93 | 32.6 | 39.2 | 76.4 |
| | Strongly agree | 56 | 19.6 | 23.6 | 100.0 |
| | Total | 237 | 83.2 | 100.0 | |
| Missing | missing | 48 | 16.8 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.2 % of the respondent strongly disagree that lack of technology has an impact on the performance of SME, 5.6% also disagree that lack of technology has implications for the production of SME, 22.1% were indifferent. The 32.6% of the respondent similarly agreed lack of technology has an impact on the performance of SME, while 19.6% of the respondent strongly agreed that lack of technology affects the performance of SME, and 16.8% could not tell where they belong. It is clear that majority of the respondent agreed that lack of technology has an impact on the performance of SME.

Table 4.4.8 Poor Marketing Strategy influence on SME's performance

| Poor Marketing Strategy | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------|-----------|---------|---------------|--------------------|
| Strongly disagree | 9 | 3.2 | 3.8 | 3.8 |
| Disagree | 20 | 7.0 | 8.4 | 12.2 |
| Neutral | 62 | 21.8 | 26.2 | 38.4 |
| Agree | 86 | 30.2 | 36.3 | 74.7 |
| Strongly agree | 60 | 21.1 | 25.3 | 100.0 |
| Total | 237 | 83.2 | 100.0 | |
| Missing missing | 48 | 16.8 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.2 % of the respondent strongly disagree that poor marketing strategy influences performance of SME, 7.0% also disagree that poor marketing strategy influences the performance of SME, 21.8% were indifferent. The 30.2% of the respondent similarly agreed poor marketing strategy has an influence on the performance of SME, while 21.1% of the respondent strongly agreed that poor marketing strategy has an impact on the performance of SME, and 16.8% could not tell where they belong. It is clear that majority of the respondent agreed that poor marketing strategy influences the performance of SME.

Table 4.4.8 Effect of environmental activities on SME's performance

| Effect of environmental activities | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------------------------|-----------|---------|---------------|--------------------|
| Strongly disagree | 4 | 1.4 | 1.7 | 1.7 |
| Disagree | 23 | 8.1 | 9.7 | 11.4 |
| Neutral | 60 | 21.1 | 25.3 | 36.7 |
| Agree | 91 | 31.9 | 38.4 | 75.1 |
| Strongly agree | 59 | 20.7 | 24.9 | 100.0 |
| Total | 237 | 83.2 | 100.0 | |
| Missing missing | 48 | 16.8 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 1.4 % of the respondent strongly disagree that environmental activities affect SME performance; 8.1 % also disagree that environmental activities affect SME performance, 21.1% were indifferent. The 31.9% of the respondent similarly agreed environmental actions have an impact on SME performance, while 20.7% of the respondent strongly agreed that environmental activities affect SME performance, and 16.8% could not tell where they belong. It is clear that majority of the respondent agreed that environmental activities have an impact on SME performance.

Table 4.4.9 Lack of financial capital affects SME's performance

| Lack of financial capital | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------------|-------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly disagree | 9 | 3.2 | 3.8 | 3.8 |
| | Disagree | 17 | 6.0 | 7.2 | 11.0 |
| | Neutral | 59 | 20.7 | 24.9 | 35.9 |
| | Agree | 66 | 23.2 | 27.8 | 63.7 |
| | Strongly agree | 86 | 30.2 | 36.3 | 100.0 |
| | Total | 237 | 83.2 | 100.0 | |
| Missing | missing | 48 | 16.8 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.2 % of the respondent strongly disagree that lack of financial capital affects SME performance, 6.0% also disagree that lack of financial capital affects SME performance, 20.7% were indifferent 23.2% of the respondent similarly agreed lack of financial capital affects SME performance. The 30.2% of the respondent strongly agreed that a lack of financial capital affects SME performance, and 16.8% could not tell where they belong. It is clear that majority of the respondent agreed that the lack of financial capital affects SME performance.

Table 4.4.10 Impact of good social interventions on SME's performance

| Impact of good social interventions | | Frequency | Percent | Valid Percent |
|-------------------------------------|-------------------|-----------|---------|---------------|
| Valid | Strongly disagree | 9 | 3.2 | 3.8 |
| | Disagree | 14 | 4.9 | 5.9 |
| | Neutral | 57 | 20.0 | 23.9 |
| | Agree | 76 | 26.7 | 31.9 |
| | Strongly agree | 82 | 28.8 | 34.5 |
| | Total | 238 | 83.5 | 100.0 |
| Missing | missing | 47 | 16.5 | |
| Total | | 285 | 100.0 | |

Source: Researcher's Fieldwork, 2021

The above table shows that 3.2 % of the respondent strongly disagree that proper social interventions affect SME performance, 4.9% also disagree that appropriate social interventions affect SME performance; 20.0 % were indifferent. Again, 26.7% of the respondent similarly agreed good social responses have an impact on SME performance, while 28.8% of the respondent strongly agreed that proper social interventions affect SME performance, and 16.5% could not tell where they belong. It is clear that majority of the respondent agreed that right social interventions affect SME performance.

4.5 Evaluating the pestel effect on SME

Table 4.5.1 Factors contributing to the sustainability of SME's

| Factors contributing to the sustainability of SME's | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|-----------|---------|---------------|--------------------|
| Valid Training of employees | 49 | 17.2 | 17.9 | 17.9 |
| Good government policies | 97 | 34.0 | 35.5 | 53.5 |
| Good management of the enterprise | 127 | 44.6 | 46.5 | 100.0 |
| Total | 273 | 95.8 | 100.0 | |
| Missing missing | 12 | 4.2 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 17.2 % of the respondent agreed that training of employees contributes to the sustainability of SME'S, 34.0% also agree that good government policies contribute to the sustainability of SME'S. Again, 44.6 of the respondent similarly agreed proper management of the enterprise contributes to the sustainability of SME'S, while 4.2% could not tell where they belong. Majority of the respondent agreed that appropriate management of the enterprise contributes to the sustainability of SME'S.

Table 4.5.2 Political challenges effects on SME's performance

| Political challenge | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-----------|---------|---------------|--------------------|
| Valid Over taxation | 65 | 22.8 | 23.7 | 23.7 |
| Tax increment | 70 | 24.6 | 25.5 | 49.3 |
| Poor policies | 139 | 48.8 | 50.7 | 100.0 |
| Total | 274 | 96.1 | 100.0 | |
| Missing missing | 11 | 3.9 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 22.8% of the respondent agreed that over-taxation is the problem they face politically when a change of government comes, 24.6% also agree that tax increment is the problem they face politically when a change of government comes. Also, 48.8% of the respondent similarly agreed poor policies is the problem they face politically when the change of government comes while 3.9% could not tell where they belong. It is clear that majority of the respondent agreed that poor policies are the problem they face politically when the change of government comes

Table 4.5.3 Economic activities affect SME's

| Economic activities | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|------------|-----------|---------|---------------|--------------------|
| Valid | Positively | 76 | 26.7 | 27.7 | 27.7 |
| | Negatively | 55 | 19.3 | 20.1 | 47.8 |
| | Moderately | 143 | 50.2 | 52.2 | 100.0 |
| | Total | 274 | 96.1 | 100.0 | |
| Missing | missing | 11 | 3.9 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 26.7% of the respondent agreed that the economic activities do affect your business positively, 19.3% also agree that the economic activities do affect your business negatively. The 50.2% of the respondent similarly agreed the economic activities do affect your business moderately while 3.9% could not tell where they belong. Majority of the respondent agreed that the economic activities do affect your business negatively.

Table 4.5.4 Legal challenges of SME's

| Legal challenges | | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------|---------|-----------|---------|---------------|--------------------|
| Valid | Yes | 150 | 52.6 | 55.4 | 55.4 |
| | No | 121 | 42.5 | 44.6 | 100.0 |
| | Total | 271 | 95.1 | 100.0 | |
| Missing | missing | 14 | 4.9 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 52.6% of the respondent agreed that entrepreneurs face legal challenges during business transactions or operation, 42.5% also concur that entrepreneurs do not meet legal challenges during business transactions or process, while 4.9% could not tell where they belong. Majority of the respondent agreed that entrepreneurs face legal challenges during business transactions or operation.

Table 4.5.5 External factors can lead to the sustainability of SME's

| The external factors | | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-------------------------------|-----------|---------|---------------|--------------------|
| Valid | Market availability | 71 | 24.9 | 26.3 | 26.3 |
| | Purchasing power of customers | 149 | 52.3 | 55.2 | 81.5 |
| | Good road network | 50 | 17.5 | 18.5 | 100.0 |
| | Total | 270 | 94.7 | 100.0 | |
| Missing | missing | 15 | 5.3 | | |
| Total | | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 24.9% of the respondent agreed that market availability is an external factor that can lead to the sustainability of your business, 52.3% also agree that purchasing power of customers is an external factor that can lead to the sustainability of your business. The 17.5% of the respondent similarly agreed that good road network is an external factor that can lead to the sustainability of your business while 5.3% could not tell where they belong. It is clear that majority of the respondent agreed that the purchasing power of customers is an external factor that can lead to the sustainability of your business

Table 4.5.6 External factors that influence the sustainability of SME's

| External factors | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------|-----------|---------|---------------|--------------------|
| Valid Product availability | 51 | 17.9 | 18.6 | 18.6 |
| Fair competition | 78 | 27.4 | 28.5 | 47.1 |
| Good infrastructure | 145 | 50.9 | 52.9 | 100.0 |
| Total | 274 | 96.1 | 100.0 | |
| Missing missing | 11 | 3.9 | | |
| Total | 285 | 100.0 | | |

Source: Researcher's Fieldwork, 2021

The above table shows that 17.9% of the respondent agreed that product availability is an external factor that can lead to the sustainability of your business, 27.4% also concur that fair competition is an external factor that can lead to the sustainability of your business. The 50.9% of the respondent similarly agreed that good infrastructure is an external factor that can lead to the sustainability of your business while 3.9% could not tell where they belong. It is clear that majority of the respondent agreed that good infrastructure is an external factor that can lead to the sustainability of your business

4.6 Analysis of the interviews results

Below is the study of the interview of five entrepreneurs and managers in Ghana, Ashanti Region, to be précised. The manager of **SUPREME BANNER VENTURES** was interviewed. It was realized that the business is a Small Enterprise according to the number of employees. If you need external financing to release your growth ambitions, what type of external funding would you prefer most? He answered the company usually use trade credit since it does not attract any interest. The manager was asked, what is the primary activity of your company and how he creates awareness of his products, and he answered it is a retail business. He creates awareness through word of mouth advertisement. Furthermore, the manager was asked what the most pressing problem that your firm is facing is, the manager replied that lack of infrastructures, capital, market availability, another obstacle the company face while accessing funds from banks is collateral and bank balance. How often do you motivate your worker, the manager replied that not quite often. Do you cover the full area during marketing he answered yes he covers a broader area in terms of marketing and enjoy many benefits during product availability? How often do you consult management expert for assistance and the manager answered not usually. What role does PESTEL play in your organization? Politically when a change of government comes, some policies from the government leads to the collapse or sustainability of many businesses. However, economic activities have a positive effect on the growth and survival of SME if the inflation keeps reducing and negatively if it goes up steadily and survival of SME's in Ghana socially a lot of

infrastructures must be constructed such as roads, markets and railway lines. Technology has a positive effect on the growth and survival of SME if it well managed by expert and negatively if the non-expert leads it. Ecological activities have a positive impact on the growth and survival of SME, and legal action affects SME sustainability drastically. What impact has PESTEL brought to your business? Politically when a change of government comes, some policies from the government has to collapse my markets. Due to the unfortunate economic activities, it harmed the growth of SME base on the inflation kept increasing. In Ghana socially a lot of infrastructures must be constructed such as roads, markets and railway lines, lack of some of these brought negative impact on my business. Technology has a positive effect on the growth and survival of SME since it was able to control lateness and other areas. Ecological activities had a positive impact on the growth and survival of SME since there was a lot of rainfall during the period and foodstuffs cam in abundance and customers had some few cash to help purchase products, and legal action affects SME sustainability drastically. What do you think can be done to promote sustainability of SMEs in the Kumasi metropolis? The government should try to reduce inflation and interest rate on loan so that many entrepreneurs can go for investments to enhance their businesses. Secondly, the metropolitan should build markets for populace so that jobs would be available.

Owner of **GOOD NEWS FINANCIAL SERVICES** was interviewed and realized that the business is a medium enterprise according to the number of employees. If you need external financing to release your growth ambitions, what type of external funding would you prefer most? He answered the company usually use long term finance or loan. The researcher asked, what is the primary activity of your company and how he creates awareness of his products, and he answered it is a financial business. He creates awareness through word of mouth television and radio advertisement. Secondly, the manager was asked what the most pressing problem that your firm is facing is, the manager replied that lack of financial capital, market availability. How often do you motivate your worker, the manager responded that not quite often. Do you cover the full area during marketing he answered yes he includes a more extensive space in Kumasi? How often do you consult management expert for assistance and the manager responded quite often. What role does PESTEL play in your organization? Government policies lead to the sustainability of many businesses. However, economic activities have a positive effect on the growth and survival of SME. Concerning social aspects, it has increased the profit in my shop. Technology has a positive impact on the growth and survival of SMEI. It controls finance, lateness, pilfering etc. Ecological activities have a positive effect on the growth and survival of SME, and legal action affects SME sustainability. What impact has PESTEL brought to your business? Government policies have increased the growth of my businesses. Economic activities had a positive effect on the growth of SME base on the stable nature of inflation. Socially events brought a positive impact on my business. Technology has a positive impact on the growth and survival of SME since it was able to control lateness and other areas like bookkeeping etc. Ecological activities had a positive effect on the growth and survival of SME. And legal action affects SME sustainability undoubtedly. What do you think can be done to promote sustainability of SMEs in the Kumasi metropolis? The government should try to reduce inflation and interest rate on loan so that many entrepreneurs can go for investments to enhance their businesses. Secondly, the metropolitan should build markets for populace so that jobs would be available.

According to the third manager interviewed who is also an owner of **FANCO ENTERPRISE**. It was realized that the business is a small enterprise according to the number of employees. If you need external financing to release your growth ambitions, what type of

external funding would you prefer most? He answered the company usually long term loan due to the nature of the business. The researcher asked, what is the primary activity of your company and how he creates awareness of his products, and he answered it is the importation of plumbing materials business. He creates awareness through word of mouth and radio advertisement. Furthermore, the manager was asked, what is the most pressing problem that your firm is facing? the manager replied that access to the loan. How often you motivate your worker, the manager responded that quite often. Do you cover the full area during marketing he answered yes he covers a wider area? How often do you consult management expert for assistance and the manager responded quite often. What role does PESTEL play in your organization? Politically when a change of government comes, some policies from the government leads to the collapse or sustainability of many businesses. However, economic activities have a positive effect on the growth and survival of SME if the inflation keeps reducing and negatively if it goes up steadily and survival of SME's in Ghana socially a lot of infrastructures must be constructed such as roads, markets and railway lines. Technology has a positive effect on the growth and survival of SME if it well managed by expert and negatively if a non-expert leads it. Ecological activities have a positive impact on the growth and survival of SME, and legal action affects SME sustainability drastically. What impact has PESTEL brought to your business? Politically when a change of government comes, some policies from the government has to collapse my markets. Due to the unfortunate economic activities, it harmed the growth of SME base on the inflation kept increasing. In Ghana socially a lot of infrastructures must be constructed such as roads, markets and railway lines, lack of some of these brought negative impact on my business. Technology has a positive effect on the growth and survival of SME since it was able to control lateness and other areas. Ecological activities had a positive impact on the growth and survival of SME since there was a lot of rainfall during the period and foodstuffs cam in abundance and customers had some few cash to help purchase products, and legal action affects SME sustainability drastically. What do you think can be done to promote sustainability of SMEs in the Kumasi metropolis? The government should try to reduce inflation and interest rate on loan so that many entrepreneurs can go for investments to enhance their businesses. Secondly, the metropolitan should build markets for populace so that jobs would be available.

The next manager interviewed is a manager of **AMOMAY 19 VENTURES ENTERPRISE**. It was realized that the business is a small enterprise. If you need external financing to release your growth ambitions, what type of external funding would you prefer most? He answered the company usually use short term loan. The manager was asked, what is the primary activity of your company and how he creates awareness of his products and he answered it is a retail of clothes business. She creates awareness through word of mouth advertisement. Again, the researcher asked what the most pressing problem that your firm is facing is, the manager replied that pilfering and inferior goods, How often do you motivate your worker, the manager replied that not quite often. Do you cover the full area during marketing he answered yes he covers a broader area in terms of marketing? How often do you consult management expert for assistance and the manager responded not at all. What role does PESTEL play in your organization? Politically, some policies from the government lead to the collapse or sustainability of many businesses. Meanwhile, economic activities have a positive effect on the growth and survival of SME depending upon other factors such as inflation. Social events also increase the growth and survival of SME. Technology has a positive effect on the growth and survival of SME. Ecological activities have a positive impact on the growth and survival of SME, and legal action affects SME sustainability. What impact has PESTEL brought

to your business? Politically, some policies from the government collapsed my businesses. Due to the unfortunate economic activities, it harmed the growth of SME base on the inflation kept increasing. Socially a lot of infrastructures such as roads, markets and railway lines contributed to the growth and survival of SME, lack of some of these brought negative impact on my business. Technology has a positive effect on the growth and survival of SME since it was able to control lateness and other areas such as finance and controls pilfering. Ecological activities had a positive effect on the growth and survival of SME since there was a lot of rainfall during the period and foodstuffs came in abundance and customers had some few cash to help purchase products, and legal action affects SME sustainability drastically. What do you think can be done to promote sustainability of SMEs in the Kumasi metropolis? Reduction of inflation and interest rate on loan could allow many entrepreneurs to go for investments to expand their businesses.

The last entrepreneur was interviewed, and he is the owner of **AUSTUS K ENTERPRISE**. It was realized that the business is a medium enterprise according to the number of employees. If you need external financing to release your growth ambitions, what type of external funding would you prefer most? He answered the company usually use debt finance. The manager was asked, what is the primary activity of your company and how he creates awareness of his products, and he answered it is retail of plumbing materials. He creates awareness through word of mouth and radio advertisement. Furthermore, the manager was asked what the most pressing problem that your firm is facing is, the manager replied that lack of purchasing power of customers, market availability, another obstacle the company face while accessing funds from banks is collateral and interest rate. How often do you motivate your worker, the manager replied that quite often and most especially during Christmas festivity. Do you cover the full area during marketing he answered yes he covers a broader area in terms of marketing and enjoy many benefits during product availability? How often do you consult management expert for assistance and the manager answered quite often. What role does PESTEL play in your organisation? Politically when a change of government comes, some government policies lead to the sustainability of many businesses. However, economic activities have a positive effect on the survival of SME if inflation becomes standardize. Socially infrastructures such as roads, markets and railway lines play an essential role in SME. Technology has a positive effect on the growth and survival of SME. Ecological activities have a positive impact on the growth and survival of SME, and legal action affects SME sustainability drastically. What impact has PESTEL brought to your business? Politically when a change of government comes, some policies from the government has increased the growth and survival of my businesses. Due to the economic activities, it had a positive effect on the growth of SME base on the inflation kept steadily. Socially a lot of infrastructures constructed such as roads, markets and railway lines, brought a positive impact on my business. Technology has a positive effect on the growth and survival of SME since it was able to control lateness and other areas. Ecological activities had a positive impact on the growth and survival of SME since there was a lot of rainfall during the period and foodstuffs came in abundance and customers had some few cash to help purchase products, and legal action affects SME sustainability drastically. What do you think can be done to promote sustainability of SMEs in the Kumasi metropolis? The government should try to reduce the interest rate on loan so that many entrepreneurs can go for investments to enhance their businesses.

5.0 Findings and discoveries

The findings and discoveries of the study was aligned with the study objectives for clarity

5.1 Factors that contributes to SME's sustainability

According to the study, there are a numerous factors that leads to SMEs sustainability. A majority of 49.1 % of the respondent started a new business, quite a number of the respondents purchased an existing business whiles other portion of the respondents began with franchising, and 1.1% were indifferent. The implication is that majority of the respondent started own their businesses. It was discovered that 62.5 % of the respondent started a small business, while 35.5% of the respondents belong to the medium business, and 1.1% were indifferent. The implication is that majority of the respondent operates small enterprises. Also, 64.2% of the respondent started a sole proprietorship whiles 34.4% of the respondents belong to the partnership and 1.4% were indifferent. The implication is that majority of the respondent are into sole proprietorship. Again, the study shows that 4.2 % of the respondent strongly disagree that proper management contributes to SME'S sustainability whereas 8.4 % also differ that proper management contributes to SME'S sustainability. Also, 31.6% were indifferent whilst 35.1% of the respondent similarly agreed that adequate management adds to SME'S sustainability. Meanwhile 18.6% of the respondent strongly agreed that good management contributes to SME'S sustainability and 2.1% could not tell where they belong. It is clear that majority of the respondent believes that good management contribute to SME's sustainability. This implies that adequate management adds to SME'S sustainability. A 3.2 % minority of the respondent strongly disagree that proper management of funds contributes to SME'S sustainability although 7.0% of the respondents also differ that appropriate control of funds contribute to SME's sustainability and 33.7% majority of the respondent similarly. This implies that clear majority of respondent believes that reasonable control of funds contribute to SME's sustainability Concerning proper investment in new business, 3.2% minority of the respondent strongly disagree that proper investment in new business contributes to SME's sustainability whereas 41.1% greater proportion of the respondent similarly agreed that sufficient investment in new business add to SME's sustainability. It is therefore believe that appropriate investment in new business contributes to SME's sustainability. Good working hours and their impact on SME's sustainability was also questioned and 3.9 % of the respondent strongly disagree that good working hours contribute to SME's sustainability as against 41.1% of the respondent similarly agreed that good working hours provide to SME's sustainability whilst 3.5% could not tell where they belong. This implies that good working hours contribute to SME's sustainability. The study discovered that 41.1% of the respondent similarly agreed that appropriate place of use help to SME's sustainability whiles 3.5% could not tell where they belong. It proved that the proper location of business contributes to SME's sustainability. The study revealed that 4.2 % minority of the respondent strongly disagree that good consumer or customer care contribute SME's sustainability even though 40.7% majority agree that good consumer or customer care help SME's sustainability. This implies that good consumer or customer care help SME's sustainability. Also, 36.1% of the respondent agreed that reasonable paid to employees contribute to SME's sustainability whiles 2.1% could not tell state their position on the subject. It is clear that reasonable paid to employees contribute to SME's sustainability. The study again revealed that 33.7% of the respondent similarly agreed that constant supply of products provides to SME's sustainability whiles 2.1% of the respondents were indecisive. It therefore proved constant supply of products contributes to SME's sustainability. Similarly, 37.5% of the respondent similarly agreed that timely payment by creditors contributes to SME's sustainability whiles 2.1% could not tell where they belong. This means that immediate payment by creditors contributes to SME's sustainability.

5.2 Variables that leads to SME's collapse

Furthermore, 7.0 % of the respondent strongly disagree that poor performance by employee's collapse SME's even though 29.5% of the respondent strongly agreed that poor performance by employees collapse SME's. It indicates that poor performance by employees collapse SME's sustainability. The 0.7% minority of the respondent strongly disagree that new market entrant can collapse SME's whilst 32.6% majority of the respondent similarly agreed that new market entrant could collapse SME's and also, 5% of the respondent strongly agreed that new market entrant could collapse SME's. This means that new market entrant can collapse SME's. Also, 0.7 % of the respondent strongly disagree that increasing share of stakeholders affects performance of SME's whereas 32.6% of the respondent similarly agreed that increasing percentage of stakeholders affects performance of SME's. This implies that increasing share of stakeholders affects the performance of SME's. A minority 2.5 % of the respondent strongly disagree that wrong investment in new business collapse SME, 9.8% also disagree that wrong investment in further business collapse SMEs whilst the greater 37.5% of respondents were indifferent although 18.6% of the respondent similarly agreed that wrong investment in late business collapse. It is therefore believed that wrong investment in business further collapse SME. Furthermore, 2.5 % of the respondent strongly disagree that poor working environment leads to the collapse of SME, 9.8% also disagree that poor working environment leads to the collapse of SME though 37.5% majority were indifferent whilst 18.6% of the respondent similarly agreed that poor working environment leads to the collapsed of SME. It is clear that majority of the respondent believes that wrong investment in further business collapse SME. Also 3.2 % proportion of the respondent strongly disagree that too many workers lead to the collapse of SME's whilst 29.8% of the respondent similarly agreed that too many workers lead to a disruption of SME's. It means that too many workers lead to the collapse of SME's. Again, 36.1% of the respondent similarly agreed that poor consumer or customer care could lead to the collapse of the SME's while 2.5 % of the respondent strongly disagree that poor consumer or customer care can lead to the collapse of the SME's. It means that poor consumer or customer care can lead to the collapse of the SME's. Similarly, 36.1% of the respondent similarly agreed that high paid employees could collapse the SME's while 2.5 % of the respondent strongly disagree that high paid employees can collapse the SME's. It implies that high paid employees can collapse the SME's. The study further discovered that 36.1% of the respondent similarly agreed that nepotism leads to the collapse of SME's while 2.5 % of the respondent strongly disagree that nepotism leads to the collapse of SME's. It is clear that majority of the respondent believes that nepotism leads to the failure of SME's. According to 37.5% of the respondent, poor management leads to the failure of SME's whereas 3.2 % of the respondent strongly disagree that poor management leads to the collapse of SME's. It is clear that majority of the respondent believes that poor management leads to the destruction of SME's.

5.3 Various sources of funds available to SME's

A greater 59.3% of the respondents used debt finance as their source of funds while 3.5% of the respondents are indifferent. The implication is that SMEs used debt finance as the source of funding. According to 2.1% minority of the respondents, they accessed short term loan from the banks while 27.7% of the majority respondents also accessed long term from the banks. This implies that SMEs used equity finance. The following breakdown was how SMEs of the study accessed their financial support 35.9% of the respondent's accessed loan from rural banks, 12.51% of the respondents also resorted to microfinance for loan while 22.5% of the respondents also accessed long from commercial banks and 37.9% of the respondents were

indifferent. This implies that SMEs obtained their funding loan from commercial banks. According to 5.6% minority of the respondent, the processing fee was the cost when accessing a loan from the bank whilst 37.5% of the respondents were indifferent since they did not access loan from any of the banks as they used equity finance as their source of fund. It was evident that majority of the respondent was not aware of any cost when accessing loans. A majority 41.1% of the respondents hinted that, it takes quite a long time obtaining a loan from the banks even though 3.9% of the respondents were indifferent. Majority of the respondent did not feel much stress during loan assessment form the banks. Also, 36.8% of the respondents have no idea about any obstacle since they used equity finance banks whilst 3.9% of the respondents were indifferent. It is evident that majority of the respondent used personal finance.

5.4 Ascertain the impact of factors that influence the sustainability of SME's

As 2.1% minimum respondent strongly disagree that high income affects SME's performance 31.9% majority were indifferent. It is clear that majority of the respondent were indifferent high income affects SME'S performance and sustainability. Minimum 2.1% of the respondent strongly disagree that management of SME'S affects performance creditability whereas 31.9% were indifferent and 24.2% of the respondent similarly agreed that control of SME'S affects performance creditability. This implies that the administration of SME'S affects performance creditability. Also, 3.5% of the respondent strongly disagree that quality products of SME'S enhance performance whilst 29.1% of the respondent similarly agreed that quality products of SME's enhance performance. It is clear that majority of the respondent agreed that quality products of SME's improve performance. A minimum 2.5% of the respondent strongly disagree that hard-working employees have an impact on SME's performance whereas 40.7% of the respondent similarly agreed that hard-working employees have an effect on SME's performance. It is clear that majority of the respondent agreed that hard-working employees affect SME's performance. Also, 4.2% of the respondent strongly disagree that poor communication does affect SME performance even though 33.3% of the respondent similarly agreed that poor communication does affect SME performance. It is clear that majority of the respondent agreed that poor communication does affect SME performance Also, 3.2% of the respondent strongly disagree that lack of technology has an impact on the performance of SME whilst 32.6% of the respondent similarly agreed lack of technology has an impact on the performance of SME. It is clear that majority of the respondent agreed that lack of technology has an impact on the performance of SME. The study further discovered that 30.2% of the respondent similarly agreed poor marketing strategy has an influence on the performance of SME whereas 3.2 % of the respondent strongly disagree that poor marketing strategy influences performance of SME. It is clear that majority of the respondent agreed that poor marketing strategy influences the performance of SME's

Only 1.4% of the respondent strongly disagree that environmental activities affect SME performance even though 31.9% majority of the respondent similarly agreed environmental actions have an impact on SME performance. It is clear that majority of the respondent agreed that environmental activities have an impact on SME performance. A minority 3.2% of the respondent strongly disagree that lack of financial capital affects SME performance whilst 30.2% of the respondent strongly agreed that a lack of financial capital affects SME performance. It is clear that majority of the respondent agreed that the lack of financial capital affects SME performance. Minority 3.2% of the respondent strongly disagree that proper social interventions affect SME performance while 28.8% majority of the

respondent strongly agreed that proper social interventions affect SME performance. This means that right social interventions affect SME performance.

5.5 Evaluating the PESTEL effect on SME's

Also, 44.6% of the respondent agreed that proper management of the enterprise contributes to the sustainability of SME's while 4.2% could not tell where they belong. This implied that appropriate management of the enterprise contributes to the sustainability of SME's. According to 48.8% majority of the respondents, poor policies are the problem they face politically when the change of government comes while 3.9% could not tell where they belong. This implies that poor policies are the problem they face politically when the change of government comes. A little over half majority of the respondent similarly agreed the economic activities do affect your business moderately while 3.9% could not tell where they belong. This implies that the economic activities do affect your business negatively. Similarly, 52.6% of the respondent agreed that entrepreneurs face legal challenges during business transactions or operation whereas 4.9% of the respondents were indecisive. This means that entrepreneurs face legal challenges during business transactions or operation. Also, 52.3% of the respondents agree that purchasing power of customers is an external factor that can lead to the sustainability of your business while 5.3% could not state their position. It implies that the purchasing power of customers is an external factor that can lead to the sustainability of your business. The study revealed that 50.9% of the respondent agreed that good infrastructure is an external factor that can lead to the sustainability of your business while 3.9% respondents were indecisive. This implies that good infrastructure is an external factor that can lead to the sustainability of your business.

5.5 Conclusions

On the whole, the study concludes that considering factors that lead to the sustainability of small and medium enterprises in Ghana using PESTEL and other theories of entrepreneurship as a measuring tool.

- Numerous factors lead to SME's sustainability. Basically, the majority of the respondent started their businesses. It was noted that a lot of the respondent belongs to small enterprises. And also belongs to the sole proprietorship. It is clear that majority of the respondent believes that proper management contributes to SME's sustainability.
- Majority of the respondent believes that quality products, as well as good control of funds, contribute to SME's sustainability. Not forgetting proper investment in new business. Concerning that good working hour and that of adequate location of activity contribute to SME's sustainability.
- Majority of respondents agreed that good consumer or customer care provide SME's sustainability. In addition to that majority of the respondent believes that reasonable pays/salaries to employees contribute to SME's sustainability whereas the constant supply of products is paramount to the contribution of SME's sustainability.
- Also, it is clear that majority of the respondent believes that prompt payment by creditors contributes to SME's sustainability.
- Many factors lead to SME collapse, and quite a number of them have been tested, and the results are as follows. Majority of the respondent believes that poor performance by employees as well as the new market entrant can collapse SME's increasing share of stakeholders abnormally affects the performance of SME's. Again it was believed that

wrong investment in late business collapse SME not overlooking poor consumer or customer care which can also lead to the failure of the SME's. It is clear that majority of the respondent believes that high paid employees can collapse the SME's and nepotism leads to the collapse of SME's, believes that poor management leads to the destruction of SME's.

- It was believed that majority of the respondent agreed that poor Policies/Legal of a government the problem they face politically when the change of Government comes as well as the economic activities do affect your business negatively or positively.
- A lot of the respondent agreed that entrepreneurs face legal challenges during business transactions or operation and also decided that purchasing power of customers is an external factor that can lead to the sustainability of your business and finally, majority of the respondent agreed that good infrastructure is an external factor that can lead to the sustainability of your business.
- Majority of the respondent agreed that poor communication does affect SME performance negatively, and it was decided that lack of technology has an impact on the performance of SME. Surely it is clear that majority of the respondent agreed that poor marketing strategy influences the performance of SME.
- Therefore, the majority of the respondent agreed that environmental activities has an effect on SME's performance and also discovered that lack of financial capital affects SME's performance while suitable social interventions has an impact on SME performance.

5.6 Recommendations

The following are some recommendations offered by the researchers to aid SMEs to become sustainable in Ghana and sub-Sahara economies:

- The youth into entrepreneurship should probably start Small businesses unlike partnership or company for it is easier managing small business than the rest business forms.
- The researcher again recommend that owners or managers of small business should have expertise in all the managerial spheres of business endeavor such funds , human resource etc. for good management contribute to SME's sustainability as well as dealing in good and quality goods or products for quality products contributes to SME'S sustainability
- Entrepreneurs should be prudent and cease opportunity when they come to invest some surplus because proper investment in new business contribute to SME's sustainability. Notwithstanding that managers should be mindful of good working hours and must be monitored since good working hours well utilize contribute to SME's sustainability.
- Good and proper location of business is highly recommended as well as good consumer or customer care not forgetting reasonable paid to employees which gives employees higher motivation and being cautious just in time or constant supply of products because all these contribute to SME's sustainability and finally prompt payment by creditors must be ensured.
- On factors that leads to SME's collapse, the researcher recommend that entrepreneurs and employees should put up good performance by all standard keeping an eye on new market entrant since they are treat to existing business and increasing share of stakeholders must be well calculated avoiding wrong investment in new business collapse.

- The researchers recommend that entrepreneurs should use 70% debt and 30% equity finance as the source of finance the reason is that, since the debt fund is greater than that of the equity, and it is payable with interest, managers will work harder to be able to mobilize enough money to settle the debt.
- The researcher's recommend that when high income is realized during the year as profit, it would be prudent to plough back significant part of the benefit gained. Hard-working employees has to be motivated for them to give out their best. Excellent communication must be maintained since poor communication does affect SME performance negatively.
- Technology has to be introduced into the business to help facilitate business transactions not forgetting good marketing strategy that also has a positive influence on the performance of SME. It is also recommended that environmental activities have to be monitored and plan accordingly in connection with suitable social interventions from the Government.
- The researchers again recommended that good policies of the Government must be well embraced and taken advantage of it as well as the economic activities that hover around must be well noticed discern into it. Entrepreneurs should abreast with the legal challenges during business transactions or operation and that the purchasing power of customers has to be taken into consideration during pricing of products and also carve a niche.

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