

Exploring Small and Medium Business Operations: Evidence from Entrepreneurs

Charles Adusei^{1, *}, Tweneboah-Koduah Isaac²

¹Department of Accounting, Banking and Finance, Garden City University College, Kumasi, Ghana

²Department of Managerial Sciences, Garden City University College, Kumasi, Ghana

Abstract

The aim of this study was to explore small and medium business operations from the perspectives of entrepreneurs of a commercial suburb in Ghana. A structured questionnaire was used for the data collection. The analysis made use of descriptive statistics, One Sample T-test and Kendall's Coefficient of Concordance. The result indicates that there was a conscious adherence to proposed expenditure, a greater awareness of business plan but its usage was not encouraging, personal savings and family & friend's financial supports were the driving forces for start-up businesses. The study concludes that running a business goes beyond passion, determination and ambition but on professionalism and seeking relevant knowledge for growth and sustenance. The study suggests that government support, the financial institutions and small businesses all have a role to play in developing that sector of the economy.

Keywords

Business Operations, Entrepreneurship, Business Plan, Business Environment, Start-up Capital

Received: December 28, 2018 / Accepted: November 12, 2019 / Published online: December 5, 2019

@ 2019 The Authors. Published by American Institute of Science. This Open Access article is under the CC BY license.

<http://creativecommons.org/licenses/by/4.0/>

1. Introduction

It is not surprise for the need to study how small and medium businesses have helped the economy of Ghana. There cannot be a human settlement without any form of business activity. It is so fundamental and a universal feature of any human existence. The Kumasi Metropolitan where the study took place within the Bantama Sub-Metro is prominently a trading community from ages. The small businesses had dominated the commercial landscape with prospect of exhibiting great potential in accelerating economic development which in the long term will lead to wealth creation and poverty reduction. To achieve these gains it is of importance to do a holistic study of the operations of the small and medium businesses by examining issues within their operations at Bantama.

The governments of Ghana through its policies and programmes over the years are trying to create the enabling

environment for people to get involved in trade and commerce to bring about development and social order as employed people are assumed to be discipline. Despite these supports from the government many of these small and medium businesses failed to be in existence for long due to their negligence to run their business activities professionally by keeping proper books, getting the adequate financing support, making use of technology in doing business and the usage and application of business plans. It is a common knowledge that the role small businesses played through employment generation, serving and providing small communities with goods and services, entrepreneurship promotions and innovations indeed enhances and improves economic growth and commercial activities by curbing negative social vices. This has not gotten the corresponding attention from policy makers; many small and medium businesses failed and collapse due to lack of professionalism and competences in operating their businesses. It would be

* Corresponding author

E-mail address: sircharly2002@gmail.com (C. Adusei)

interesting and insightful to unravel issues of financing, appreciation of the external environment on their business; obstacles associated with their business operations within the Bantama Sub-Metro through the business lenses of entrepreneurs in the Kumasi Metropolis in the Ashanti Region of Ghana.

2. Literature Review

Business plans are critical documents that need to be put together before the inception of a business and still vital in the on-going operations of the business. It serves many purposes such as the management of the business and to an extent serve as a financing tool for bank loans and during discussions with potential investors. It is very vital to have business plan for both the short-term and long-term for the business success [1]. Business plans can aid the clarification and a better formulation of a business concept [2]. The author further indicated that “many people believe that a business plan is nice but not necessary. This is true in that business plans are nice but, in fact, they are vital to have if one is serious about success of his or her business”. Writing the business plan allows the future business owner to get a better grasp of the commitment involved in starting and operating a business enterprise. Information technology plays a vital role in the success of every business. This is as result of the direct effect it has on the business processes through which value is captured and delivered to their customers in order to make profit [3]. Information Technology benefits organizations especially small businesses by allowing them to operate and work more effectively and efficiently to meet customer needs and reap the maximum productivity. Faster and easier communication, electronic storage and protection are some of the great benefits that it brings to the success and survival of businesses [4].

Lee and Runge [5] conducted a study on small retailer’s adoption of IT for their entrepreneurial venture using 71 small business owners as participants of the study. The results suggested that the firm’s innovativeness is the strongest determinant for adopting traditional information systems. Lewis *et. al.*, [6] conducted a study on sources of influence on beliefs about informational technology using knowledge workers as the study’s sample. The study’s findings also suggested that beliefs about technology use could be influenced by top management commitment to new technology and the individual factors of personal innovativeness and self-efficacy. Surprisingly, social influences from multiple sources exhibited no significant effects. An effective planning process offers top management information regarding all the available resources and how they can effectively put them to an efficient use in order to

satisfy their clients [7]. Thus an effective business planning for an organization leads to an effective and efficient use of limited resources [8].

Fuduric [9] indicated that small businesses require funds for four fundamental purposes. Firstly, they will need funds for start-up cost, inventory, and human resources. Secondly, capital equipment funding is also needed. Thirdly, working capital required fund for the on-going operations of the businesses. Finally, growth corporations require funding in the future for expansion. Sources of financing are personal capital, bank finance, trade credit, saving collectors, money lenders, credit unions and factoring. Parker [10] revealed that most start-up finance in developed countries tends to be personal equity (“self-finance”) the author further indicated that in 2001 the Bank of England stated that 60% of start-up businesses in Britain used self-finance and the remaining were from the external sources such as debt-finance in the form of overdrafts and term loans, followed by asset-leasing whereas venture capital tends to play minor role for most entrepreneurs between 1% and 3%. Adusei and Tweneboah-Koduah [11] posited that lack of finance and its access from the financial institutions in the Ghanaian context has been regarded as one of the major problems facing small businesses operations. On the other hand, Adusei and Tweneboah-Koduah [12] stressed that principal factors that entrepreneurs consider before entering entrepreneurial processes and activities include labour market regulations, government fiscal environment, administrative complexities, licensing, education and skills upgrading. Moreover, accessing financial resources is another factor that drives entrepreneurship. In the developing countries, the environmental factors that are mostly considered for infrastructure availability include water, electricity, tarred roads and telecommunication enhances business operations.

3. Study Area and Methodology

3.1. Study Area

Bantama is a suburb of Kumasi. Kumasi is the regional capital of the Ashanti Region of Ghana and is the most populous district in the region. Bantama is both a residential and commercial area in the Kumasi Metropolis. Historically Bantama is one of the four quarters of the Kumasi Traditional Council, the inner circle of the Ashanti Kingdom Monarchy. One of the only three stools succeeded through the male line in the Ashanti Kingdom. Thus, there is no Queen Mother to the Bantama Stool, as with other traditional matrilineal Asante Stools. Given its position at the center of Kumasi, Bantama hosts many important landmarks including Komfo Anokye Teaching Hospital (KATH), the country’s second largest Teaching Hospital, the Ghana National Cultural

Center and the Mausoleum for the Asante Monarchy. The Bantama Sub-Metro has 23 communities in eight electoral areas with a population of 327,965 as the fourth most populated sub-metropolis in Kumasi. It is not surprisingly that the major occupation of over 90% of both males and females are in retail trading.

3.2. Methodology

The study adopted descriptive cross-sectional study as it investigated a snap shot of the current situation in terms of awareness and financing options to small and medium business owners of Bantama. The population of the study covers all the small and medium businesses in Bantama whether it is registered or unregistered with the Bantama Sub-Metro of the Kumasi Metropolitan Assembly (KMA). Two-Stage sampling approach was employed for the study. The first of which was the purposive selection of the Bantama Sub-Metro among the eight Sub-Metros within the Kumasi Metropolitan. This was chosen based on its proximity in terms of its central location within the Sub-Metro and its business/commercial activities during day and night. The second stage was conveniently selecting the different categories of businesses be it small and medium in terms of size, the range of category included mobile money transfer operators, pubs/bars/spots, supermarkets and pharmacy shops along the main streets and stalls in the Bantama market with a quota target for the respondents. The sample size was sixty-nine (69) as indicated in Table 1. The determination of sample size was non-statistical, it was based on the availability of the shop/stores/supermarket and the right respondent who have a fair knowledge of the issues under discussion and most importantly the respondent is voluntarily ready to be part of the study.

Table 1. Composition of Participating Businesses.

Type of Business	Number of respondents
Restaurants	6
Provisional stores	10
Pharmacy shops	10
Spot/Pub/Bars	28
Electronics Repairers	2
Mobile Money Operators	12
Supermarket	1
Total	69

Source: Fieldwork, 2017.

Data for the research was collected mainly through the administration of semi-structured questionnaires to respondents. Most of the respondents were mostly illiterate, semi-literates and literates. Those who were illiterate could hardly complete the questionnaire, as a result of the above, for a portion of the questionnaire administration employed a face to face method of administration. By this method, each of the questions and corresponding set of answers were read

out and translated into the local dialect to enable them to understand and answer the questions appropriately.

The study made use of mean and standard deviation as part of descriptive statistics for the data analysis where the mean was used to measure the central tendency in which a higher mean indicates majority of the respondents agreeing on theme/statements. In terms of the measure of dispersion the standard deviation was used. The lower the standard deviation it indicates that there is a degree of consensus among the respondents to theme/statements.

It is important to check data reliability in using questionnaires, to do that the study made use of Cronbach's Alpha Coefficient. This can be used to measure the internal consistency of a scale. If the coefficient value is high such as 70% and above means that there is consistency among the items in measuring the concept of interest. Inferential statistics for comparing means in the type of One Sample *t*-Test was used. The test statistic for a One Sample (*t*) analysis was used on the respondents view on the external environment whiles Kendall's coefficient of concordance (*W*) analysis was used to rank the themes/statements under effective planning and analysis.

The study observed ethical issues in the area of procedural point of view where respondents were given sufficient time to make their mind on the issues in the questionnaire. Secondly respondents were fully informed about the study to get their assent to take part in the study. Thirdly on the questionnaire itself respondents were provided with comprehensive information to fill the questionnaire correctly and finally respondents were also given the assurance that any information given out would be treated with the highest level of confidentiality adding that any information given would be used for the purposes of this study only and nothing else. The ethical consideration of the study align to Bordens and Abbott [13] stressing that informed consent is required which must include the purpose of the research, excepted duration and procedure and respondent's right to decline to participate and to withdraw from the research once participation has begun.

4. Results and Discussion

4.1. Demographic Information of Respondents/Outlets

Among the sixty-nine (69) respondents studied, (57%) were males and (43%) were females. In terms of age ranges, (17%) falls within the age range of 18-30 years whiles (45%) had between 31-45 years and (28%) accounted for 46-60 years. The age group with 61years and more constituted (10%) of the total sampled. The male's

dominance of businesses in the Bantama Sub-Metro is not different from most studies due to the family setup and role play in terms of gender in the cultural orientation of the region. Considering the age pattern it is visible that those within the age group of 18-30 years are the most prominent within the study sample as they involved themselves in petty trading and others which are not cost intensive in terms of start-up and working capital.

In terms of registration of business, (59%) of the respondents indicated that they have a form of business registration whether from the Bantama Sub-Metro or the Registrar General of Businesses in the Ministry of Trade and Industry while (41%) responded that they have not registered their business. This is worrying for the purposes of taxes and infrastructure for the Bantama Sub-Metro planning purposes as they might not know the actual businesses on the ground. The nature of business operations were segmented in terms of buying and selling, service and manufacturing within the study area. The composition were (38%), (55%) and (7%) respectively corresponding to buying and selling, service and manufacturing. The buying and selling basically had to do with those to selling of goods (example petty traders and provisional stores) while the services includes the restaurants, hairdressing salons and the mobile money transfers operators.

The legal form of the businesses were also investigated and it came out that the sole proprietorship was the prominent type/form with (51%) of the total sample, followed by family businesses which accounted for (31%) while (18%) was partnership in terms of ownership and structure. A family business has a lot of history in small businesses due to generational inheritance which include sole trader businesses. The duration in business helps to appreciate how long a business has been in operation with its acquired experiences in running the business. It was revealed that those with 1-5 years operational duration accounted for (45%) with (42%) representing those with 6-10 years while (13%) had more than 10 years' experience and existence in business. Duration of a business indicates stamina and consistencies to keep going despite difficulties. The type or form of business will have an influence on how many workers will be needed for it.

Considering the educational level, it was revealed that (52%) of the sampled population has acquired educational level to the Senior High School level which makes them literate to communicate comfortable with suppliers and customers of their businesses and are likely to appreciate the responsibility and consequences in doing business having in mind the payment of taxes. The next is those who have completed a tertiary education of any discipline which

accounted for (38%), this percentage might have been involved in business by pull or push factors which leads to entrepreneurship.

On the category of business operations it was revealed that one category representing (1%) was a supermarket to serve the community while the sample population had ten pharmacy shops representing (14%) of the total category of businesses, it is not surprise at all as the study area is where Okomfo Anokye Teaching Hospital is located which is the second biggest teaching hospital in the country which serves the Northern Sector of Ghana and other neighbouring countries such as Togo and Burkina Faso. Interestingly spots/pubs/bars had twenty-eight of the sample population which represented (42%) the town is a commercial area with both active day and night life. The rest had provisional stores, restaurants, mobile money operators and electronic repairers which had a corresponding percentages of (14%), (9%), (18%) and (2%) respectively. The various categories are an indication that those residing within the Sub-Metro and especially those living in Bantama will not be denied with goods and services at their disposal.

4.2. Issues Within the External Environment of the Small Businesses

This section examined the respondent's views on external environmental issues that had influence on their business operations. The result depict intense competition, new opportunities, easy forecast of future customer demands, addressing customer complaints and adapting quickly to external pressures from the environment. As indicated in Table 2, three of the factors had mean agreement scores that were significantly different from the point of indifference, the agreement of the two factors were designed to help to understand issues affecting the small businesses from the external environment. These included addressing customer complaint which had a mean of 3.94 and intense competition with the mean of 3.48 while new opportunities from the external environment had a mean of 3.41.

It is easy to forecast future customer demands and the ability of the small businesses to adapt quickly to external forces in the environment had a mean value of 2.61 and 2.91. This is an indication that customer forecast demands by small businesses has always been difficult due to poor recording of information and non-availability of credible data to make the forecast. The result can benefit from the advice of Nguyen *et. al.*, [4] stressing the benefit of using information technology in running small businesses. Adaptability to the environment has never being easy even with the corporate world so it was not surprised that the respondents indicated that it was an issue to the running of the business.

Table 2. One Sample Statistics on the external environment.

Theme	N	Mean	SD	Std Error Mean	Coefficient of concordance	
					Mean rank	Ranking
Intense competition	69	3.48	1.208	.145	3.47	2 nd
New opportunities	69	3.41	1.298	.156	3.22	3 rd
Easy forecast	69	2.61	1.215	.146	1.73	5 th
Address customer compliant	69	3.94	.889	.107	4.07	1 st
Adapt quickly	69	2.91	1.625	.196	2.51	4 th

Source: Author's Computation (2017).

In terms of degree of consensus under the standard deviation, addressing customer complaints and intense competition and it is easy to forecast customer future demand had (SD =.889) and (1.208) respectively. This result has shown that addressing customer complaints has a possibility to enhance customer satisfaction and customer loyalty in sustaining their businesses and why ability to adapt quickly to the external forces helps the small businesses to mitigate threats from the environment and seize the opportunities within the external environment. It is important to state here that any serious minded business owner cannot ignore the external environment in any meaningful analysis of business activity, as advised by Worthington and Britton [14].

The study identified five main external environmental issues within Bantama and its environs in the Bantama Sub-Metro. These are: intense competition among trades/stores/stalls, availability of new opportunities in the external environment, difficulty or easy forecast of future customer needs and wants; and how the small businesses adapt quickly in the ever changing business environment. The respondents were asked to rank these issues as indicated in the last column of Table 2. The *F* test for concordance (*W*) between the rankings of the issues within the external environment is (53.60%). It was shown that the most important issue on the external environment by the respondents was the ability to address and resolve customer complaints.

Respondents were of the view that understanding the competitive environment is crucial not only to react positively to the effects but the ability to mitigate it while

not compromising service quality to match the needs and wants of customers. The respondents ranked intense competition as the second major issue that affect their business operations. Availability of new opportunities in terms of market expansion and growth was ranked third in terms of effects and importance on their businesses. The least rank was the ability to forecast the future demands of customer's needs and having what it takes to adapt quickly to external pressures were ranked fifth and fourth respectively by the respondents. The Coefficient of Concordance (*W*) 53.60% is an indication that a little over the average of the respondents agreed to the ranking in relation to the issues within the external environment. This can be inferred as a good pointer to the management of the external environment by the respondents.

The study identified five issues under the external environment in Table 3 using One Sample t-Test to analyse it. The positive *t* value of all the factors (23.919, 21.789, 17.830, 36.824 and 14.894) respectively for intense competition, plenty of new opportunities, easy forecast of future customer demand, addressed customer complaints and ability to adapt quickly. The *p*-value from this statistic is 0.000 and that is less than 0.05 (the level of significance for the test). Since *p* < 0.05, the result reject the null hypothesis that the sample mean is equal to the hypothesis population mean and conclude that all the five factors are statistically significantly different from the average. Based on the result it can be said that respondent's appreciation on the external environment issues on what affect their businesses is high.

Table 3. One Sample Test of external environment.

Test Value = 0						
Views on the external environment	t	df	Sig (2-tailed)	Mean Difference	95% confidence interval of the difference	
					Lower	Upper
Intense competition	23.919	68	0.000	3.478	3.19	3.77
Plenty of New opportunities	21.789	68	0.000	3.406	3.09	3.72
Easy forecast customer's future demand	17.830	68	0.000	2.609	2.32	2.90
Addressed customer complaints	36.824	68	0.000	3.942	3.73	4.16
Adapt quickly	14.894	68	0.000	2.913	2.52	3.30

Source: Author's Computation, 2017 Note: Cronbach's Alpha = 0.956 or 95.6%, number of items = 5. Sample (N=69). (*W*) = 0.536 or 53.6%.

4.3. Benefits of Effective Planning and Analysis

Small businesses due to its size should not have much

constraint on effective planning and analysis but this is not the case. Planning in itself does not guarantee success but its analysis really help in the management of the small businesses. Studies have confirmed that there are numerous

benefits associated with effective planning and analysis. In view of that the study sought to find out the benefits of

effective planning and analysis from the respondents on their perspective as indicated in Table 4.

Table 4. Descriptive statistics, Cronbach’s Alpha and Coefficient of Concordance (*W*).

Item number and name	Mean	Standard deviation	Coefficient of concordance	
			Mean Rank	Ranking
Effective planning and analysis	<i>W</i> = 0.740			
1. Effective planning	4.00	0.707	4.64	2 nd
2. Keep within budget	2.84	1.357	2.56	5 th
3. Growth opportunities	2.35	1.161	1.43	6 th
4. Cost cutting	3.59	1.005	4.16	3 rd
5. Specified level of profit	3.10	1.352	3.14	4 th
6. Justify proposed expenditure	4.20	0.608	5.08	1 st
Cronbach’s Alpha = 0.950 or 95%				

Source: Author’s Computation, 2017.

It could be observed that, the high mean value of (4.20) indicate that the respondents agree that justification of proposed expenditure is critical for a healthy working capital management. Effective planning, Cost cutting and specified level of profit which has a mean value of (4.00, 3.59 and 3.10) respectively are among the key benefits of effective planning and analysis. Justify proposed expenditure, effective planning and cost cutting had a standard deviation value of (0.608, 0.707 and 1.005) respectively are among the key benefits of effective planning and analysis. This ensures the degree of consensus among the respondent’s on issues relating to effective planning and analysis. The result suggests that adherence to proposed expenditure and its justification is critical to the effective running of any business entity irrespective of the size. This is having a positive influence on planning and its execution for a better business result. Moreover effective planning came out in terms of mean value as the heart of organisation of a business from the sampled population.

4.4. Information Technology and Business Operations

Respondents were asked of their knowledge in basic information technology and it usage in their everyday business activities. The measurement was in the form of moderate, scarcely and very important. A significant percentage of the respondents (51%) admitted that their business operations are aided by information technology as very important considering the number of the pharmacy shops and the supermarket within the sampled population while (43%) indicated that they moderately use information technology in their business activities which included the restaurants, provisional stores and the mobile money operators. The last category of businesses who believes that information technology is important but they scarcely used it in their business activities were the spot/pubs/bars operators within the study area. The result revealed that the usage of information technology devices and its importance is directly

related to the size and kind of business activities and its operations. A further probe on the usage of type of information technology device use revealed that (100%) of the sample respondents all of them use one or more cellular telephones while (55%) use personal computers for their businesses with (21%) using a Fax machine and (41%) taking advantage of using Land Line telephones for their businesses. The result aligns with Drnevich and Croson [3] and Nguyen *et. al.*, [4] suggested that there is the need for small businesses to use information technology to benefit from operational effectiveness.

4.5. Issues on Strategy and Financing by the Sampled Businesses

This section considers the sources of finance, aim of business, attitude to record keeping and means of record keeping, business plan and type of records. The aim of a business shapes the direction of the business in terms of size, context and time horizon. It also has a bearing to strategy development and deployment of resource in the business. Out of sixty-nine stores/outlets/stalls, twelve of the sampled population indicated that among other things their sole aim of the business was on the survival of the business while five of the sampled population stressed of growth as the prominent aim of the business. Twenty-seven of the sampled population opined that short-term profit was everything to them and those who have indicated long-term profit was twenty-five. The result reflects individuals understanding and aspiration of setting up a business.

Starting a business and running it effectively is not only about passion and ambitions but also effective planning and understanding of the operating environment of the business. One of the biggest challenges facing small business owners is the constant need to develop innovative ways to streamline productivity and improve the business bottom-line. To help keep things in check many sole business owners and small firm owners are using business plans to focus and direct their firms. With the help of business plan, a systematic and realistic

evaluation of a venture has a higher possibility of succeeding in any market. It helps businesses gain direction and stay focused organizationally. Out of sampled population of sixty-nine outlets, (72%) indicated that they have business plan for their businesses while (28%) said that they knew of business plan but they do not have one for their businesses. The (72%) who responded “yes” has an absolute figure of fifty (50), when probe further on the formal documentation of the business plan (36%) were able to present some document of that sort as business plan while (64%) indicated that their business plan is in their head. The result is interesting and shows the usage and the application of business plan in running businesses. The result supports Coke [1] and Norton [2] that a business plan can aid the clarification and a better formulation of a business concept in both the short-term and the long-term.

Keeping of records of business activities is crucial to its planning and management. Out of the sampled population, (86%) keeps records of some sort while (14%) does not document their business operations formally in a written form. This implies that not keeping written documents might create gaps if the memory of the business outlet fails him/her. Respondents were asked about their understanding and importance of keeping records. They were further asked about their means of keeping record where it was revealed that (45%) of the sampled population manually keep records on their business activities while the (55%) use computerized system to keep their records. The results shows that majority of the sampled population are taking advantage of computerized system of any sort to record their operating activities. Those that are not using the computerized system or recording may be due to lack of knowledge, ability to afford the package or their businesses can be managed more efficiently manually. The result reflects the assertion of

Quinn [15] that without business records it will be difficult for entrepreneurs to make critical decisions concerning their business operations.

The study was interested to know the kind of records kept by the small businesses hence further probe was made by asking respondents views on the theme. The general understanding was that records on sales, purchases, debtors list and creditors list were among the prominent records kept by the outlets. The responses indicated that all the outlets/stores/pubs kept cash sales document which accounted for (100%) of the sampled population. Seventy (70%) of the respondents indicated that they all have records on their purchases for their business operations while (30%) stressed that there are records on their debtors. On their creditors, it was revealed that (100%) kept records on their business activities. Leach and Melicher [16] indicated that the type of business and its size will influence the book keeping records. In terms of relating this with the result keeping proper records helps a business to operate efficiently and to some extent fulfil their businesses legal obligations.

4.6. Source of Start-up Capital.

Personal savings as indicated under Figure 1 mean that the owner (s) use their own savings from their income to start their businesses. Forty-one businesses representing (60%) declared that their current businesses benefited from their personal savings if not it would have been difficult to start the business considering cost of capital elsewhere. Family & Friends as a source of start-up financing accounted for fifteen businesses representing (22%) utilizing funds from their families and friends to start up the business. This is a good option if there is already a family business with a rich experience to guide the new venture.

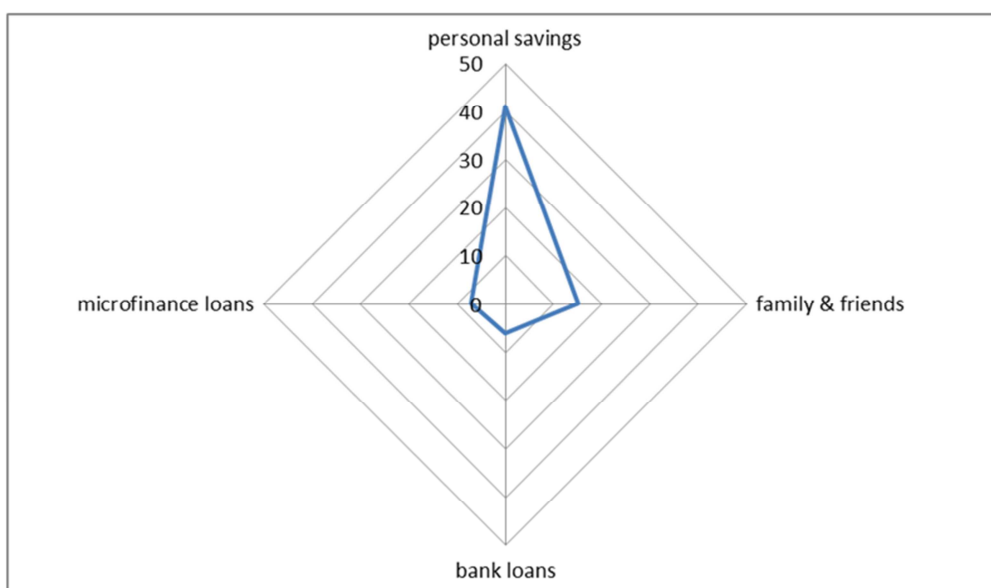


Figure 1. Sources of Finance.

Out of the sampled population of sixty-nine, seven businesses representing (10%) started their businesses with the help of microfinance loans. Normally the size of microfinance loan in term of cash is not huge. Businesses such as the mobile money operators and the bars took advantage of this option. Six businesses constituting (8%) revealed that due to the capital intensive type of business such as the pharmacies shop and the supermarket the best option for them was to go for bank loans to support their personal savings and family support. The result is a signpost to appreciate business owner’s management of risk/reward irrespective of the size of the business. Some owner’s will not go for bank loan even if they need it, while others too will go for the bank loan and use their personal savings for something else. The result supports Fuduric [9] indicating that small businesses require funds for four fundamental purposes. Parker [10] revealed that most start-up finance in developed countries tends to be personal equity (“self-finance”). Adusei and Tweneboah-Koduah [11] posited that lack of finance and its access from the financial institutions in the Ghanaian context has been regarded as one of the major problems facing small businesses operations. This confirms several and different motivation for looking for funds to run their businesses.

4.7. Obstacles to Business Operations by the Sampled Businesses

The study identified six main prominent obstacles associated with businesses within the study area. These are: financing issues, street crime, theft or disorder, taxes and regulations, poor record keeping, high interest charged and demand for security. The respondents were asked to rank these constraints (effects) as indicated in Table 5. It was shown that the most important obstacle in doing business in the study area was financing related issues to their operations, followed by high interest charged, poor record keeping, taxes and regulations, street crime, theft or disorder; and demand for security

Table 5. Coefficient of Concordance (W) on business obstacles.

Factors	Ranking
Financing issues	1
High interest charged	2
Poor Record Keeping	3
Taxes and Regulations	4
Street Crime, theft or disorder	5
Demand for Security	6
Number of respondents	69
Coefficient of concordance (W)	0.501 (50.1%)
Cronbach’s Alpha	0.950 (95%)
Number of items	6

Source: Author’s Computation, 2017.

The *F* test for concordance (W) between the rankings of the

factors on business obstacles is (50.10%). It is a fact that the overall result of Table 5 gives a mixed reaction on the associated business obstacles as is seen by the respondents as business owners within Bantama and its environs. The Coefficient of Concordance (W) 50.10% is an indication that a little over the average of the respondents agreed on the ranking in relation to the associated obstacles of operating a business in the study area. This suggest that business obstacles can be influenced by the type of business, owners understanding and knowledge of the business environment and finally the business owners willingness to seek education on issues pertaining to operations of businesses. This result is similar to other studies of Nguyen *et. al.*, [4], Fuduric [9] and Adusei and Tweneboah-Koduah [12] where the studies highlighted lack of finance and environmental factors as impeding factors to small and medium businesses growth.

5. Conclusion

Entrepreneurial small and medium businesses are vital to all economies and within the Ghanaian context, small and medium businesses represent a significant component of the private sector workforce in Ghana. Ghana as a developing country should not overlook the importance of promoting, nurturing and supporting small businesses. The study takes an important step towards a deeper understanding of small and medium owner’s perspective on operational activities of their businesses. The study revealed that the composition of the sample was male dominated and a significant number of the businesses had been in business for over six years with two significant categories being pubs/bars and pharmacy shops. A greater majority of the small and medium business owner’s/manager’s had completed high school.

The study has shown that running a business goes beyond just passion, determination and ambition but also on professionalism and seeking relevant knowledge not for survival of the business but growth as well for sustenance and continuity for generation to come. The study also stressed on the importance of understanding the business environment and its influence on the business, the need to embrace the stakeholder theory for both short and long-term profits. The essence of taken advantage of technology to run business operations was captured and finally digging deep on the financing related issues seriously to reduce the cost of financing by choosing an option of financing vehicles available that suit the venture.

The government has the duty to create an enabling environment for the small businesses to survive considering their role in the economy. The government must make some efforts in areas of taxes and regulations to make it flexible

and less expensive for them to pay their taxes. The Universities and the other Research Centers have a role in shaping and improving their operations through seminars and workshop to provide technical assistance at subsidies rate to the small business owners. The financial institutions through their role of financial intermediation must allocate some funds of special packages for small businesses for short-term facilities. Small businesses must seek knowledge in running their operations because the first beneficiary of the business success is the owner. It is recommended that owners of businesses must have business plan to drive their businesses. Moreover practicality and prudence in terms of execution and spending on the business must be ahead of passion and ambition without a direction.

It can be seen that small businesses experiences challenges that limit their success. The study further prescribes that a greater understanding is gained by the small and medium business owners/managers through the concomitant consideration of education, experience, entrepreneurial orientation, access to capital and environmental dynamism. It is important to state that a high entrepreneurial orientation provides businesses with the ability to find and/or discover new opportunities that can differentiate them from other firms and create a competitive advantage.

References

- [1] Coke, A. L. (2002), *Seven Steps to a Successful Business Plan*. AMACOM, New York.
- [2] Norton, P. (2002), *Successful Business Planning: Energizing Your Company's Potential*. Thorogood. London.
- [3] Drnevich, P. L., and Croson, D. C. (2013). Information technology and business-level strategy: Toward an integrated theoretical perspective. *MIS Quarterly*, 37 (2). 483-509.
- [4] Nguyen, T. H., Newby, M., and Macaulay, M. J. (2015). Information technology adoption in small business: Confirmation of a proposed framework. *Journal of Small Business Management*, 53 (1), 207-227.
- [5] Lee, J. and Runge, J. (2001), Adoption of information technology in small business: Testing drivers of adoption for entrepreneurs. *Journal of Computer Information Systems*. 42 (1): 44-57.
- [6] Lewis, W., Agarwal, R., and Sambamurthy, V. (2003). Sources of influence on beliefs about information technology use: An empirical study of knowledge workers. *MIS Quarterly*: 27 (4). 657-678.
- [7] Scarborough, N. M. (2012), *Effective Small Business Management: An Entrepreneurial Approach*. 10th Edition. Prentice Hall. New Jersey.
- [8] Longenecker, J. G., Moore, C. W., Petty, J. W., and Palich, L. E., (2008). *Small Business Management – Launching and Growing Entrepreneurial Ventures*. 14th Edition. Thomson South-Western. Mason.
- [9] Fuduric, N. (2008), *The sources of Entrepreneurial Opportunities: Individual and Environment*. Aalborg University. Denmark.
- [10] Parker, S. (2004), *The Economics of Self-employment and Entrepreneurship*. Cambridge University Press. Cambridge.
- [11] Adusei, C., and Tweneboah-Koduah, I. (2017). Venture Capital Financing: Perspective of Entrepreneurship in an Emerging Economy. *Archives of Business Research*, 5 (8), 108-122.
- [12] Adusei, C., and Tweneboah-Koduah, I. (2016). Entrepreneurship Determinants of Artisans/Craftsmen in Kumasi Metropolis, Ghana. *American Journal of Industrial and Business Management*, 6, 163-175.
- [13] Bordens, K. S. and Abbott, B. B. (2011). *Research Design and Methods. A Process Approach*. 8th Edition. McGraw-Hill Companies Inc. New York.
- [14] Worthington, I. and Britton, C. (2006), *The Business Environment*. 5th Edition. Pearson Education Limited. London.
- [15] Quinn, M. (2010). *Book-keeping and Accounts for Entrepreneurs*. Pearson Education Limited. Harlow.
- [16] Leach, C. J. and Melicher, R. W. (2012). *Entrepreneurial Finance*. 4th Edition. South-Western CENGAGE Learning. Mason.