

Entrepreneurship Development and New Business Challenges and Prospects for Ghanaian Entrepreneurs'

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Abstract

This paper presents a framework for formulating strategies for business start-ups within the context of small and medium-scale enterprises (SMEs) in diverse industries. Using Ghana as a case study, it addresses how to increase entrepreneurs' success rate in business ventures in developing countries. The objective of the study is to identify avenues through which entrepreneurs could address the challenges they face, and to take advantage of the emerging opportunities in the domestic and global business environments. The questions addressed are, what challenges face Ghanaian entrepreneurs' new business start-ups and existing SME's in developing countries? How could these challenges be addressed appropriately to make the private sector the engine of growth in Ghana's economy? The methodology is based on the qualitative approach, involving interviews to achieve the study's objectives. Four main themes emerged as challenges faced by the entrepreneurs business start-ups and operations which include the following: Funding availability & accessibility; Lack of planning, Skilled labour & proper management skills; Lack of competitiveness, technology innovation & customer loyalty; and finally, Legal & regulatory framework & social factors.

Recommendations for entrepreneurs, policy makers, and scholars are discussed in the study

Key words: Ghanaian entrepreneurs, entrepreneurship development, new business start-ups, prospects and challenges.

Introduction

The advent of globalisation and neo-liberalism in the 1980s, together with the implementation of liberalisation and deregulation policies have led to an accelerated growth in the private sector in most developing countries, and Ghana is no exception. Hence in the last three decades, the emergence of globalization and neoliberalism or the free market ideology, and the scale and scope of institutional support from governments, international donor organisations and private sector financial institutions for entrepreneurs and SMEs development have increased significantly. The increasing awareness of the problem of poverty and inequalities in the global system, coupled with the success of microfinance initiatives elsewhere such as the Grameen bank concept, has attracted attention worldwide and to a greater extent, encouraged entrepreneurial initiatives on a global scale to establish SMEs both in the formal and informal sectors. This in turn, has led to considerable increase in entrepreneurship activities both on a small, medium and large scale in various countries across the world, promoted by the free market system and facilitated by the capitalist ideology. The increasing drive for new business start-ups is to achieve high performance output and competitiveness for profit maximisation and help accelerate national economic growth. These entrepreneurship trends have encouraged governments in many countries to support entrepreneurs who take the necessary risk to set up SMEs for profit making and to contribute towards the development of the economy. A striking difference between entrepreneurship and management is that while entrepreneurs are risk-takers and usually more specialised in business start-ups, managers manage the business to grow and expand it. In managerial decision making, a manager's strategic orientation focuses on factors that are inputs in formulation of the firm's strategy, whereas entrepreneurial strategy is a set of decisions, actions, and reactions that generate and exploit an opportunity to set up a new business venture. Entrepreneurial orientation toward opportunity is one's commitment to take action on potential opportunities and the ability to access the attractiveness of a new opportunity. However, the two concepts and roles are complementary because some entrepreneurs have excellent managerial and leadership skills, as some managers could also turn out to be excellent entrepreneurs. Both entrepreneurs and managers must be proactive and learn from failures. Despite the risks involved in business start-ups, many reasons compel people to become entrepreneurs. People with entrepreneurial mind-set has the ability to rapidly sense, act, and mobilize resources to take advantage of opportunities, even under uncertain conditions. A potential entrepreneur's intention to act is based on his/her entrepreneurial intentions or motivational factors that influence individuals to pursue entrepreneurial outcomes, coupled with their entrepreneurial self-efficacy or one's conviction that he/she can successfully pursue entrepreneurial outcomes. Some key features of entrepreneurial activities that generally motivate people with entrepreneurial mind-set to become self-employed include freedom of owning one's business, profit orientation, working in a hassle-free environment, having financial independence or control over compensation, satisfaction gained from the self-esteem as a fulfillment of creating something you can claim ownership to, control over working conditions, and job security to improve their livelihoods and lifestyles. In Ghana, many entrepreneurs set up SMEs because it creates a sense of practical optimism, since people believe that going into business is an effective means of escaping poverty, becoming self-sufficient through financial stability and/or prosperity.

Entrepreneurship simply means firms' risk-taking activities in terms of business start-ups, facility investment, businesses expansion, foreign branch opening, and managerial innovation. Unlike the public sector and other

private sector enterprises such as philanthropic organisations, entrepreneurship is the capacity and willingness to take the risk to develop, organise and manage a business venture for the purpose of making profit, by doing things differently and/or better. Business start-ups is a significant indicator for measuring entrepreneurship and its characteristics.

Taking entrepreneurial action involves the creation of new products, services or processes and entry into new markets. It also involves risk-taking because the risks and uncertainties in business start-ups are numerous and varied. An entrepreneur's cognitive adaptability describes the extent to which he/she is dynamic, flexible, self-regulating and engages in the process of generating multiple decision frameworks, as well as how he/she is focused on sensing and processing changes in their environments and then act on them (Hisrich, Peters & Shepherd, 2013). There is a growing body of literature on the different perspectives on entrepreneurship. Many studies on entrepreneurship have examined entrepreneurs' individual characteristics such as personality, educational background and attainment, ethnicity, and other relevant characteristics and some studies focus on investigating the business factors of entrepreneurship by closely examining entrepreneurs' business financing, venture capital, industrial relationships and organisational mechanisms (Mack & Qain, 2016). Other researchers also interested in population, gender, industrial structure, geography (urban and rural), human/social capital, research & development (R&D), creativity and regional economic studies have dealt with local environments and regional variations that influence entrepreneurship and the relationship between business start-ups and location factors. (Acs &Armington, 2006). Whereas in many developed countries, areas with more specialised and educated workforce is a crucial location factor for entrepreneurship and venture business set ups (Ki, 2008), in developing countries like Ghana, business start-ups could be based on population distribution and the rural/urban dichotomy, which is mainly due to factors such as availability of sources of funding and market opportunities. Hence, urban areas are more likely to attract more business-start-ups than in the rural communities.

Other studies on entrepreneurship and entrepreneurial orientation tend to focus on business processes in terms of combining the factors of production (capital, machinery/equipment, labour), and on business start-ups, risk-taking, and the ability to effectively manage a business by seeking investment and market opportunities for profit-making or financial independence. Griffin, Ebert and Starke (2013) for example, define entrepreneurship as "the act of assuming the risk of business ownership with the primary goal of making profit through growth and expansion. This view implies assuming risk and responsibility in taking the initiative to design and implement a strategic business plan to take advantage of a business opportunity to create value". The idea of creating value is a process through which entrepreneurs identify opportunities, allocate resources to create value for customers, and is often through the identification of unmet customers/public needs or opportunities for change in customer demands and wealth creation.

Zimmerer, Scarborough and Wilson (2008), also define an entrepreneur as "one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalise on them." Suleiman (2006) on the one hand, argues that entrepreneurship is "the willingness and ability of an individual to seek opportunities for investment to create and run a business successfully," while Drucker (2006) on the other hand, states that entrepreneurship is a distinct feature, whereby an entrepreneur is a person who understands business opportunities and its benefits, by

harnessing scarce resources and utilising them profitably. He/she makes progress in the productivity of resources by searching changes (or risks), responding to, and employing opportunities. This study adds that the concept of entrepreneurship also entails the dynamism, capacity and willingness to organise social and economic mechanisms to turn resources and situations into incremental wealth creation by operating and managing a business venture, and assuming all its attendant risks to create value, while seeking profit as the ultimate reward. Furthermore, it involves various aspects of an entrepreneur's social, economic and spatial activity patterns, and denotes companies' risk-taking tendency in terms of business start-ups, facility investment, and expansion of new and existing businesses and managerial innovation.

In the modern global economic system, entrepreneurs creatively exploit changes in the world to put their dexterity and ingenuity into practice for economic gains. Where others see problems, entrepreneurs recognise opportunities. Opportunity is situational, since there are no rules regarding where and when an opportunity might appear, so it is dependent on variable circumstances, in that a problem is one example of an opportunity that entrepreneurs need to be able to recognise. Another opportunity is a changing situation or trend. As Mariotti and Glackin (2010) noted, the five roots of opportunity in the marketplace that entrepreneurs can exploit are: problems that a business can solve; changes in laws, situations or trends; inventions of totally new products and services; competition in terms of ways to beat the competitor on price, location, quality, reputation, reliability, or speed through which one can create a very successful business with an existing product or service; and finally technological advances (scientists may invent technology, but entrepreneurs figure out how to use and sell it). SMEs involve both registered formal enterprises and informal unregistered enterprises, and are defined in varying terms because of the diverse nature of the sector.

Generally, the three criteria employed in the classification of SMEs in this study are the firm's asset base, its employee size and annual turnover. The National Board for Small Scale Industries (NBSSI) for example, applies both the 'fixed asset and employee size criteria, and regards an SME as one employing 29 or fewer employees (NBSSI Report, 2011).¹

The objective of this study is therefore to discuss the challenges that hinder entrepreneurship and SMEs development and how governments in frontier and emerging economies could increase their financial and logistics support for new entrepreneurs and SMEs in order to help empower them in their business start-up strategies to develop and transform their business ideas into an opportunity. This could be achieved through state agencies' role in facilitating initiatives to help entrepreneurs gain the necessary competencies (knowledge, values, and managerial skills) essential for understanding business start-ups and SMEs management for productivity, sustainability and profitability leading to wealth creation and economic growth. To this end, the questions to be addressed in this study is, what challenges face Ghanaian entrepreneurs and SMEs and how could they be addressed appropriately? How could new entrepreneurs and existing SMEs be supported by governments to make the private sector the engine of growth in developing countries' economies? Following from the above questions, the study argues that

¹ The United Nations Industrial Development Organisation's (UNIDO) standards for classifying large firms in developing countries are those with more than 100 employees, medium firms in the range of 20-99 employees, small firms as having 5 to 19 employees, and micro firms with less than 5 staff. The NBSSI's criterion is in line with the UNIDO criteria and Steel and Webster's (1990) definition of SMEs in Ghana as one with 30 or less employees.

regardless of the financial assistance for business start-ups and training new entrepreneurs receive from governments in some developing countries, the support is woefully inadequate to enable them compete with SMEs and large firms in developed countries. As a result, many entrepreneurs and SMEs face a myriad of challenges such as lack of financial support and the necessary training to manage their enterprises successfully. The recommendation section in the study discusses the uniqueness of the relationship between business start-ups and business management on how to start, grow/expand the business, and how governments in developing countries could support private sector capacity building for new entrepreneurs and existing SMEs, which is the engine of growth for every economy, and some key tips on how potential entrepreneurs could transform their business ideas into reality.

Research Process

First, in addressing ethical and confidential issues, the study sought the consent of the participants before the interviews, and assured all participants of anonymity and confidentiality, and vividly explained what the information gathered in the study would be used for. This orientation also helped the participants to become familiar and comfortable with the scope of information required; thus, they were confident to respond to the questions more appropriately.

Using Ghana as a case study, the study examines the prospects for new and existing entrepreneurs in Ghana in terms of the support initiatives from government and non-governmental institutions and the numerous challenges they face. It investigates some of the key challenges facing SMEs in terms of their awareness of the various funding sources and availability of funds, the level of management training, and other challenges facing entrepreneurs and SMEs. To achieve the objectives and goals of the study, 31 participants were interviewed. Qualitative approach was used which helped to understand and obtain critical information from the participants and also probe further when necessary. As Creswell (2007) noted, an interview protocol is a “predesigned form used to record information collected during an observation or interview,” which enables the researcher to organise the entire interview process, including time allocations for the questions and how to begin/end the interview. The research comprises sole proprietorship businesses and firms with employees from 5 to 100. Data was analyzed following Braun & Clarke, (2006) Thematic content analysis by first -transcribing, generating codes, searching for themes, reviewing themes, defining themes and interpreting the findings..

Results

Four main themes emerged as the challenges faced by entrepreneurs and new business start-ups. Find the main themes and the subthemes in Table 1.

Table 1: Themes and subthemes (explanations) of challenges facing entrepreneur’s business start-ups and operations.

Themes	Sub themes/ Explanations	No.	% citing the theme
1. Funding availability & accessibility	Lack of finances, resources and other economic factors/ High interest rate/ default payment of loans by some entrepreneurs making it default for the genuine ones/	31/31	100%

2. Lack of planning, Skilled labour & proper management skills	Doing business planning analysis before business start-ups is a key to a successful entrepreneurial venture/ Some business owners extract money without any control, have no fixed salary for themselves/ some over spend way above their profit	22/31	66%
3. Lack of competitiveness, technology innovation & customer loyalty	SME's cannot produce large quantities of goods of consistent quality to precise delivery schedule and are uncompetitive in international export markets./ Expensive in advertising products which leads to their inability to be competitive and capture a greater part of both local and international market segment	30/31	97%
4. Legal & regulatory framework & social factors	Bureaucratic nature of licensing new Business, Corruption, Cultural attitudes and politicization of Government-sponsored loan schemes	31/31	100%

Source: Field work, 2017

Samples of extracts from respondents on the four emerged major themes

1. Funding availability and accessibility

"It is very difficult having access to adequate funding to expand my business. The situation is such that most commercial financial institutions operates on rigidity and unfavourable loan systems like high interest rate discourages me from applying for loans and they are often reluctant to also lend money to new entrepreneurs . What I hate to say is that some even demands some percentage of the loans from us as a condition. " (Entrepreneur engaged in used cars- interviewee 2 (2017)). This reinforces results of a survey on enterprise financing by Aryeetey et al (1994) that only 14 percent credit advanced went to SMEs.

2. Lack of planning and proper management skills

"I cant really tell if I am making any profit now or not. I can only know when my goods are finished in my shop. Hmmmm! I don't have any fixed salary for myself. I take from my daily sales as often as I need it and I am afraid for myself. I think I am spending more than what I send to the bank each day". (Artisan- interviewee 18 (2017))

3. Lack of competitiveness, technology innovation and customer loyalty

"My products are good but what is coming from China appears to the public to be better and cheaper as compared to mine. This is a problem for me because all my old customers no longer patronize my products. Just last week I visited one of my customers in her shop, Her shop was full and I was happy for her but she felt bad and made a comment Like; Hmmmm these ones are cheaper and it moves faster for us. But I will come and buy some of yours too." (Dealer in Textiles- interviewee 8- (2017)).

The quality of materials I use for now is okay. I believe that, market demand may not pay for extra high quality when I invest into it. Even my customers keep on complaining of the prices especially when they compare shoes imported from outside Ghana. Our people prefer foreign goods to locally made goods. This is a problem for me. (Shoe manufacturer- interviewee 21- (2017)).

4. Lack of Regulatory framework and social factors:

“There are lots of corruptions in the buying and selling business. The whole process in clearing the goods at the ports takes so much and we also have to pay so much fees”.

Discussion on the Challenges Facing Entrepreneurs and SMEs in the Developing World

As noted elsewhere, the advent of globalization and the collapse of trade barriers through liberalization and deregulation have brought with it new opportunities for entrepreneurial development. In most developing countries like Ghana, there are many promising young entrepreneurs, but the challenges besetting entrepreneurs in frontier and emerging countries are varied and complex. Despite the fact that SMEs constitute one of the largest sectors in the national and global economies, and significantly contribute towards the socio-economic development of national economies, they face a number of major challenges in their business start-ups and operations. On the basis of the challenges facing entrepreneurs and SMEs in Ghana, the study identified availability of resources such as capital (funding availability and accessibility), human resources (management skills/skilled labour availability), raw materials, infrastructure and utilities, operational risk, market accessibility, and opportunity for growth and expansion greatly influence SMEs’ operations and their overall success rate, which are discussed in detail below:

- i) Lack of finances, resources and other economic factors – weak economies, high taxes and energy costs etc.

Most entrepreneurs go into business without inadequate capital hoping to secure more once the business grows. The availability of financial resources allows entrepreneurs to bring together other factors and use them to produce goods and services to gain competitive advantage. Access to adequate funding is by far the most critical challenge facing entrepreneurs and SMEs’ business start-ups and expansion. Since funding is the lifeline of any business, the predominant response from participants was funding availability and accessibility. While capital remains indispensable to start a new business, most commercial financial institutions operate their loan schemes on high-collateral and/or on high-interest basis. While SMEs and the private sector are considered the backbone of the economies of most developing countries in terms of job creation and tax revenues, due to the high risk associated with new business start-ups, the commercial banks are often reluctant to lend money to new entrepreneurs. As a result of the rigidities and unfavourable loan system, especially due to the commercial banks’ five ‘C’s qualification criteria namely; collateral, character, capacity, capital, and conditions, many entrepreneurs in Ghana are discouraged from applying for bank loans.

Besides availability and accessibility of funding, the government’s prime rate to the commercial banks is excessively high, which has placed interest rates charged by Ghanaian banks in a very high range from 25% upwards depending on a bank’s set rates for loans; and interest rates charged by the micro-credit agencies are even much higher. This finding reinforces the results of a survey on enterprise financing by Aryeetey et al (1994) that only 14%

of credit advanced by banks went to SMEs. To make matters worse, some owners of SMEs admitted that managers in the commercial banks demand bribes before approving their business loans (interview with entrepreneurs engaged in used car business, 2015). Most of the local entrepreneurs interviewed admitted that as a result of these bottlenecks, they resort to non-bank financial institutions, government agencies and other informal means as well as social networks for loans and financial assistance or rely mainly on family support and personal savings to start or expand their businesses because that requires no collateral and it is readily available to the borrower when needed (focus group interview with used clothing entrepreneurs, 2015; interview with members of the Printing Press Association, 2015).

As a result, many entrepreneurs and SMEs turn their attention to government and donor institutions' loans and grant programmes. Although the government's NBSSI and MASLOC initiatives have had some positive outcomes, assessing the impacts and benefits of government programmes under these organisations' services for SMEs generally are woefully inadequate since the process has been bedeviled with several bottlenecks. It is therefore necessary to examine the financial support and strength of the SMEs in terms of the availability of business start-up capital, and the procedures for administering the various loan schemes to potential beneficiaries need to be addressed more appropriately. Over all, five industries were represented in the study with microfinance businesses representing 15%, trading (in the informal economy) representing 50%, small scale manufacturing making 10%, artisans 15% and general services constituting 10%. Three size categories were defined on the basis of employee size. As stated above, classification of firms were as follows; micro businesses (less than 5 employees), small businesses (5 and 29 employees), medium sized firms (30 and 99 employees). Seventy five (50%) of the businesses surveyed were small sole proprietorship firms, 50 (30%) were microenterprises and 25 (20%) were medium-sized companies.

Another challenge that has made access to credit difficult is the culture of default on loans by many entrepreneurs, which affects the operations of genuine and responsible entrepreneurs and compels some financial institutions to charge high interests to cover their risk factors. Due to the lack of proper management skills, many business owners extract money from their businesses without control and have no fixed salary since business income is not kept separate from personal expenses, and often not paid back into the business, without considering its implications on the sustainability of the business. Sticking to budget is a challenge to some entrepreneurs, since a lot of them overspend way above their income and profits. Many entrepreneurs operating small businesses on sole proprietorship basis have no cost control mechanisms and working capital could be used to solve other personal or family problems.

To justify the rigidities in lending and the high interest rate charges, some staff in the banks and microfinance institutions noted that due to the business culture of mismanagement of funds among some owners of SMEs, many entrepreneurs in Ghana have a problem of loan default, which has contributed to the difficulty in accessing loans from the traditional banks and the high interest rates (Manager, Ecobank, 2015). Coupled with the lack of financing for capital investments and credit lines for working capital are the high taxes charged by the national and local governments such as income tax, the value added tax (VAT), high cost of energy, and the frequent power outages constitute some of the major challenges to the development and sustainability of SMEs. Lack of funds also has a ripple effect on the ability of the entrepreneurs and SMEs to afford the high cost of taxes, energy and other

utility bills as well as transportation costs, which often results in high production costs leading to the crippling of some businesses operations in the manufacturing and distribution sectors.

Other economic factors also influence entrepreneurship in many ways, especially the nature of the economy is a major factor that influence entrepreneurship since a strong economy is likely to provide better opportunities for new and existing entrepreneurs than a weak and sluggish economy. In a strong economy, the general purchasing power of people, which is manifested by income levels and economic prosperity plays a major role in the success of entrepreneurial ventures. Conversely, during times of economic slowdown or recession, the purchasing power declines and people are reluctant to invest, thus adversely affecting entrepreneurship development.

Availability of resources is another major factor affecting entrepreneurial development in many developing countries. Since access to capital is crucial for the growth of every business, without a well-developed venture capital or equity market to support entrepreneurs in Ghana, devoid of it will be difficult for domestic entrepreneurs in Ghana to source capital for business start-ups.

- ii) Lack of planning, Management/Technical Training, Organizational abilities, Gaining other Entrepreneurship and Risk Management Skill Sets

Apart from financial constraints, doing business planning analysis before setting up the business is key to successful entrepreneurial venture since the true value of business planning is to identify potential strengths and weaknesses, as well as opportunities and threats that could impede the success of the business, and plan around them before they happen, rather than getting blindsided by them when the business has already been set in motion. Viewing the business in a holistic manner will help the entrepreneur in aligning his/her vision for the product or service that delights the identified target market. The Business and Financial Times (2011) reported that “SMEs which form the backbone of Ghana’s economy face many constraints and only a few of them are competitive in today’s globalized business environment.” Managerial and technical skills are some of the key factors that affect the growth of SMEs and entrepreneurs in both Ghana’s formal and informal economies. Business mismanagement constitutes one of the main characteristics and failures of SMEs in Ghana and a typical constraint to their growth, which is often attributed to cultural factors. Since the entrepreneurial characteristics required to launch a business successfully are often not the same as those required for business growth and even more frequently not those required to manage it once it grows bigger, the role of entrepreneurs needs to change with the business as it develops and grows, but all too often many entrepreneurs are not able to make the transition successfully.

New entrepreneurs and existing businesses have the potential to fail if their owners do not have the prerequisite management skills to establish well-defined goals and objectives as well as undertake feasibility studies by focusing on finance, production and marketing of the new product/service, and periodically measure the progress of his/her plans to determine whether objectives are being met, and goalstargets are on schedule. The importance of human capital can also not be underestimated, and no business will be successful without a skilled and committed workforce. Transferring your passion and vision to align with your overall business’ goals is a major task that one needs to achieve successfully.

As a new entrepreneur, it is necessary to ensure that your staff recognizes the vision you wish to create, believe in your possibilities and be passionate about making that possibility a reality to help you transform the firm into a competitive and profitable one. Effective management is a critical challenge for new businesses. Since new

entrepreneurs are self-managed, they are required to be their own bosses, have self-discipline, set their own schedules, make all the right decisions and work long hours to keep the business going, while maintaining a professional attitude at all times. While the study identified the necessity of some level of basic or higher education as a prerequisite for successful business management, most programmes on technical skills and entrepreneurship development in Ghanaian institutions focus more on the theoretical aspect and certification rather than the practical side of learning such as shaping attitudes and skills. It also became apparent that educated entrepreneurs or those who receive frequent training, have the potential to understand business planning and are able to outsource partnerships from larger businesses globally than their contemporaries with no education.

Apparently, entrepreneurs who are highly skilled are motivated towards competition, growth, innovation and business success, and are more likely to establish businesses in more competitive environments than those who have less motivation to seek growth and competitiveness. Among other conditioning variables, the study also found that most of the successful entrepreneurs in Ghana in contemporary times are strongly related to their experience and education or their international exposure.

Despite these findings, most entrepreneurs of SMEs in developing nations may lack basic business management skills and entrepreneurial culture such as growth orientation, risk-taking, savings and investment, with no business innovation and limited access or exposure to modern technology. They may have little or no idea about business planning and strategic management with limited or no training in basic accounting and book-keeping skills to enable them manage their enterprises successfully. Many entrepreneurs admitted that access to finance alone is not enough to transform Ghana's SMEs into powerful, sustainable and competitive enterprises, but they also need business training to bolster their management skills (Director, Ghana Freight Forwarders Association, 2016).

Additionally, there is the challenge of skilled labour availability and effective utilization. Some local entrepreneurs are unable to recruit competent managers or skilled professionals who possess the necessary knowledge, abilities, skills and other characteristics ideal for operating and managing their businesses successfully. Many entrepreneurs find it difficult getting skilled personnel for their businesses, but it is prudent for entrepreneurs to ensure harnessing competency, capital and market for competitive advantage. Hiring the right people who are strategically-business-minded and proactive in nature could help a new entrepreneur build a competitive team that can brainstorm on ways to come up with new and innovative ideas to support your vision.

In developing a new business, this is a major challenge that hinder many new businesses, but if successfully overcome, could propel the business into accelerated growth. The human resource problem could be addressed more appropriately if entrepreneurs identify and recruit the right caliber of personnel to work in their businesses and by focusing on both competency and values. Corruption and poor accountability have also led to distrust of employees, which is one of the overriding concerns of many entrepreneurs in handing over the management of their businesses to hired managers. Business owners also fail to outsource some processes to other small businesses that are specialized in particular areas to reduce their cost of production.

Another identified challenge as lack of technological knowhow in Ghana's private sector, in both the formal and informal economies. The Director of the National Information Technology Agency (2015) noted that besides formal education, most Ghanaian entrepreneurs lack technological knowhow, innovation, as well as research and development. SMEs in Ghana are not technology-oriented industries since most rely on old technologies or manual

labour, which affect their businesses' output and performance. Other entrepreneurs also stated that the NBSSI training support is limited and covers a small geographical area in the country, mainly Accra (Members of the Beauticians and Designers Association, 2015). Without availability of adequate raw materials, businesses cannot be competitive and their very existence will be threatened. Physical infrastructure and utilities such as good roads, electricity, communication facilities etc. also play key roles in the seamless functioning of a firm. New entrepreneurs also perform a plethora of duties and roles by being virtually in charge of every aspect of starting and opening a business, which include planning, budgeting, getting a location, production, marketing, purchasing of equipment and raw materials, hiring and training of new staff. The sheer volume of tasks a new entrepreneur performs can be overwhelming for those who may not have the prerequisite knowledge, skills and abilities to undertake these duties or not fully dedicated towards achieving their dream of making the business a success. The study argues that acknowledging these challenges and addressing them could help new entrepreneurs deal with them more appropriately and in so doing, find strategic means of managing their businesses more successfully.

Another major challenge is the different kinds of risks entrepreneurs and SMEs face. Generally, SMEs experience problems very different from those of larger corporations. Factors such as operational risk, market accessibility, customer loyalty, skilled labour availability, and lack of opportunity for growth and expansion etc. could mean taking great business risks. The level of risk is largely due to the differences inherent in the volume and quality of resources available to each, and the ability to deal with them. For these reasons, new entrepreneurs require risk management training. All other factors notwithstanding, the success of any business start-up largely depends on the entrepreneur's skill sets and psychological orientation for setting up a new business. Since he/she is the main driving force behind the success or failure of the business, entrepreneurs need to be hardworking, persistence or persevere, ability to take, manage and minimize risk, ability to draw up a comprehensive business plan, with a ready contingency plan to address any unplanned occurrence, and a strong need-orientation that provides the inclination to achieve the firms goals. It is necessary for a new entrepreneur to be involved in every aspect of the business in the initial stages of the business to avoid flaws in delegation and to manage the different risks the new business may be exposed to more effectively. Poor delegation of duties, especially giving responsibility of critical duties to others that require care and crucial attention can adversely affect a new business. Time management is also key to the success of a business, and having an effective time management plan could be very helpful. Dedicating enough time for the business is important in ensuring that all aspects of the business receive a deserving attention in order to grow the business successfully. Overcoming the diverse risks associated with business start-ups is a major challenge for new entrepreneurs, which can be addressed through effective management strategies. As a new business, how the entrepreneur manages the business efficiently and effectively will determine its profitability, competitiveness, and sustainability.

- iii) Lack of competitiveness, technology innovation, marketing strategies for market equity and customer loyalty

New businesses have to deal with the fierce competition from the international firms. SMEs cannot produce large quantities of goods of consistent quality to precise delivery schedules, and are uncompetitive in international export markets. These characteristic problems make domestic SMEs vulnerable to imports from international firms that

produce better quality products and services at lower prices. While many entrepreneurs in developing countries have full knowledge of their product or service, they do not know how to promote them or market them successfully. They lack effective marketing strategies for competitiveness due to inadequate financial resources for marketing and advertising products, which leads to their inability to be competitive and capture a greater part of the local and international market-segment. They also have low capacity for product innovation due to the belief that market demand may not pay for quality, coupled with over-pricing of goods are some of the major obstacles that make locally made goods less competitive even on local markets in developing countries. A major challenge relating to gaining customer loyalty and market share is the result of the colonial antecedent which has led to Ghanaians and generally, Africans' preference for foreign goods and services as compared to domestic ones. As a new business, building brand equity poses one of the most challenging tasks in order to break into the existing market competition, since the business lack an existing track record or reputation for potential customers to trust your product or service. Although an entrepreneur may have the zeal to succeed, but without any confirmation of a successful track record, existing large firms and government organizations will not trust an entrepreneur to award large contracts to his/her new business.

Despite the substantial dividends that can yield from advertising and marketing, SMEs in developing countries rarely engage in aggressive marketing of their products because they lack the required resources, and are deterred by the cost of marketing. Since many SMEs increase production only when they receive an order, they are unwilling to deal with the risks of producing in larger quantities. As a result, SMEs generally sell directly to customers based on advanced orders rather than producing for stock. Poor market responses and the tying-up of capital when producing for stock are among the reasons SMEs manufacture and sell their products mainly on advanced orders (Director, AGI, Accra, 2016). While information, communication and technology is increasingly becoming a critical factor in developing businesses, due to lack of technological knowhow, the technological gap in most developing countries has always posed a serious setback to entrepreneurship development. These challenges experienced by SMEs such as poor transportation and infrastructure, low-level of information communication technology (ICT) knowledge and other factors that impact their operations have national implications and require government intervention to address them appropriately.

Entrepreneurs also face enormous challenge in terms of competition from external transnational firms. The trade liberalisation policy being promoted by the government influenced by advocates of the free market system/neo-liberalism such as the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO), as well as the impact of globalisation makes it easier to import foreign products into the local economy, without adequate protection for local industries. Entrepreneurs with the potential to succeed exhibit an incremental approach to risk taking and have the motivation, drive and ability to mobilise resources to take advantage of market opportunities. Nonetheless, the small local market, limited access to external suppliers and demand, limited export volumes and high costs often lead to difficult entry into larger international distribution channels. More significantly, many entrepreneurs are unable to meet the resulting demand due to the fear of not recouping their investment, which explains their inability to compete in the international export markets. Some officers from the Private Enterprises Federation noted that protectionism, trade tariffs and barriers in the international markets as well as the emerging competition due to the deregulation and liberalisation of the local market are some of the

major obstacles to the innovation and expansion of SMEs in Ghana (Economist, the Private Enterprises Federation, Accra, 2015). In addition, due to the unstable economies in developing economies, the overarching mindset of many new entrepreneurs in these countries is the fear of failure, which can be a barrier to many potential entrepreneurs and need to be changed. The Global Entrepreneurship Monitor Report for 2013 reveals that Ghana's 'Fear of Failure' for new entrepreneurs stands at 24.6% as compared to 10.4% in 2010. This is probably due to the weakening economy, which has made many potential entrepreneurs skeptical towards embarking on new investments. How to break through into the existing competition is an important challenge for new SMEs. New entrepreneurs must recognise competition as a benchmark for creativity and the main motivator for innovation for your business. While competition can make a new business make in-roads into the existing market, it can also make it lose its relevance in the eyes of its customers. Therefore, new entrepreneurs need to adopt different business strategies by constantly improving the quality of their products and services or reducing cost to create value for their customers.

- iv) Legal and regulatory framework and Social factors – corruption, cultural attitudes and politicisation of government-sponsored loan schemes

Government policies towards new entrepreneurs are often not favourable for business start-ups. Public sector bureaucracy with licensing of new businesses, and delays in payments for public sector contracts discourage people from setting up new businesses. The high duties and the complexity of the tax systems by the agencies under the Ghana Revenue Authority is a major disincentive to new entrepreneurs. Other factors such as sustainable power supply, lack of infrastructural facilities, non-availability of good road networks and ineffective internet and communication systems discourage many potential entrepreneurs from embarking on business start-ups. Partisanship is part and parcel of many developing countries' politics and permeated every aspect of many societies including the disbursement of loan schemes, which hinder the development and sustainability of SMEs. Partisanship and government victimisation of opposition party members' businesses often shorten the lifespan of many SMEs since a change of government may result in cutting-off a group of businesses that may have benefitted from access to loans under a previous government. Some entrepreneurs interviewed admitted that lack of support for SMEs due to politicisation of government-sponsored business loans and corruption of officials in charge of government-sponsored organizations and bank officials have led to the demise of many businesses that used to operate successfully. Focus group interviews with entrepreneurs who have participated in the NBSSI and MASLOC loan schemes over the years cited excessive government officials' control and politicisation of funding, victimisation of entrepreneurs and corruption as main reasons why many SMEs have gone bankrupt, especially those that are not supporters of a ruling government. In many developing countries like Ghana, the political culture also fosters attitudes that militate against personal efforts, induce apathy and carelessness in the service to the public, and a careless attitude towards public funds and property.

The politicisation of government loans to businesses has also led to the high default rate by borrowers who have the impression that by getting a loan from their party's government, they are being rewarded for their support, and loan defaulters are not punished due to their party affiliation. It is apparent from the above discussion that entrepreneurs and SMEs in developing countries face numerous challenges, which are diverse and complex, and require prudent measures by the government and its development partners to address them appropriately. These

challenges have similar characteristics with the problems commonly associated with entrepreneurs and SMEs in Africa and the developing world.

Recommendations and Policy Implications for Building Capacity of Entrepreneurs & SMEs

This study prescribes solutions that could serve as benchmarks for entrepreneurs, owners of SMEs and especially the government to help enhance Ghanaian entrepreneurs and SMEs productivity, sustainability, competitiveness and profitability. One common ground in the above theoretical perspectives on entrepreneurship is exploring business opportunities by taking some risks, converting new business ideas into an opportunity, and creating innovation and new value. Entrepreneurship is also a major factor in economic and regional development, since it contributes significantly to economic growth, job creation and business innovation. Below are recommendations on how the government could support entrepreneurs and SMEs development and growth, and also how entrepreneurs could develop their businesses to be competitive:

a) The Role of Government in Facilitating SMEs Development & Growth

For entrepreneurs to set-up and operate their businesses successfully, and be competitive nationally and globally, they need to have access to capital because the availability of capital is a major incentive that could attract more entrepreneurial activities. For example, as the two main government initiatives for supporting entrepreneurs and SMEs in Ghana, the NBSSI and MASLOC should expand their technical assistance and financial support for SMEs. Despite the important role SMEs play in national economies and the global economy in general, their level of growth is often hampered by the limited resources, particularly financing. The study recommends that a new policy approach for promoting SMEs should be implemented by governments in developing countries to promote SMEs as a major institutional policy framework, especially through a rural development policy to enable them maintain economic vitality and thrive to become major supporting industries for the economy. Helping them to have access to financial resources, external markets and gain the necessary managerial, technological skills and information will enable them keep abreast with new innovations and other international business best practices to help SMEs build their capacity. Under the new UN Sustainable Development Goals (SDGs) introduced by the United Nations in 2016 to replace the Millennium Development Goals (MDGs), governments in developing countries should redesign the MDG policies to meet the goals and targets set in the emerging SDGs in order to address any bottlenecks in the MDGs to give a boost to the new development agenda in order to meet the needs of potential entrepreneurs and existing SMEs for poverty alleviation. This chapter argues that the government should deal with the various bottlenecks impeding on entrepreneurs' access to funding such as corruption and partisanship in the disbursement of funds to potential entrepreneurs/SMEs from government sources. The results of this study also reveal low awareness and usage levels of various financing initiatives among SMEs, especially those in the rural areas due to lack of information and the perception that most funding schemes are either difficult to access or are politicised. The difficulties SMEs face in accessing funds from various sources include lack of securable assets, lack of information or knowledge about funding opportunities, stringent eligibility criteria, bureaucracy and politicization of fund disbursement by government agencies. These factors limit SMEs' ability to access funds from internal and external sources, therefore the government's policy actions should focus on better information provision to SMEs, and removal of all the bottlenecks hindering free access to government and donor-sponsored credit facilities. The government should introduce measures to bridge the rural/urban dichotomy in access to funding to effectively

trigger entrepreneurial activities in the rural areas through aggressive campaign to educate potential entrepreneurs and owners of existing SMEs. The government also should work with the commercial banks to guarantee part of the credit risks to genuinely potential entrepreneurs and SMEs by facilitating equity capital, which provides a base for further borrowing, reduces firms' sensitivity to economic cycles and provides SMEs with access to syndicates of private and donor venture capital suppliers. SMEs could also be encouraged to access public equity capital through the reduction of listing requirements and subsidising floating cost. Implementing these policy prescriptions could go a long way to improve SMEs access to short/long-term financing and boost economic growth and social transformation in many developing countries.

To address the funding challenges facing entrepreneurs and SMEs, the commercial banks should offer tailor-made credit products and develop flexible and appropriate loan schemes specifically for SMEs. Most importantly, the government should play the role of an intermediary in aligning the interests of banks and SMEs by making sustained efforts to improve SMEs' access to finance, with particular attention to firms with high growth potential. In this regard, the disbursement of loans to SMEs should be based on the viability of individual businesses' performance. To deal with the challenge of loan repayment, it is important that entrepreneurs build exemplary image with the financial institutions to gain their trust and prove their creditworthiness. This objective is based essentially on building strong bonds of cooperation and trust between the banking system and entrepreneurs. It should be noted that any micro-credit loans and other financial schemes' success depend on ready and prompt repayment by beneficiaries, and the creation of an effective machinery for loan recovery by the financial institutions. Since business loans are accompanied by some level of default risks by beneficiaries, loan schemes need to be complemented by public education about the legal liability of loan repayment and the consequences of default. New government policies, strategies and incentives such as tax-exemption for new businesses in rural areas and certain geographical areas that lack jobs to encourage the relocation of business start-ups in rural areas should be encouraged to prevent over-concentration of businesses in the urban areas.

While in the age of globalisation and the promotion of liberalisation, deregulation and interdependence, it is difficult for any government to protect local industries from external manufacturers, developing country governments should introduce short or medium term measures to make SMEs more competitive in the global marketplace. This could be done by helping SMEs in developing countries to adopt "outward oriented" industrialisation strategies to meet international competition. Production efficiency may be raised by competitive measures, which aim at boosting the competitiveness of SMEs and creating opportunities for business growth. The government can also enhance local business competition by applying the "carrot and stick" approach to its loan and grant schemes, in terms of rewarding success and honesty, and punishing failure and dishonesty. Promoting competition through state support could improve the entire SME sector and help many businesses grow faster through efficient and effective management. In circumstances where genuine and well-performing businesses may have justifiable reasons for losses, governments should treat such failure as part of the business learning and risk-taking process. State support could also help build entrepreneurs and SMEs' capacity by instituting effective monitoring and evaluation systems in the private sector and offering them advice where necessary. These actions should be based on public-private partnerships to promote a sustainable system of business support services and secure SMEs' long-term sustainability. For example, in Ghana, the mandate of the NBSSI and MASLOC should be

expanded to work in collaboration with the Ghana Export Promotion Council (GEPC) and the Ghana Investment Promotion Centre (GIPC) to create the enabling environment for SMEs to find foreign partners. The domestic market environment for SMEs can also be facilitated by the government's ministries, departments and agencies (MDAs) to create local markets for SMEs' goods and services, by contracting out the supply of goods and services to them.

With regard to entrepreneurs' management challenges, government financing institutions should expand their training programmes to cover a wider geographical area across countries to teach business owners basic skills in business management such as planning, production, marketing, pricing and sales strategies, savings and investment strategies, competitive strategies, as well as accounting, bookkeeping and effective customer service/customer relationship management and quality/inventory control. Entrepreneurs engaged in medium-scale businesses also need to be proactive in seeking business advice and management training to learn basic financial management, terms of obtaining credit and strategic planning on how to manage credit received, including legal advice on government regulation, contract agreements and negotiation skills in terms of dealing with partnerships. Emphasis should be placed on gaining the necessary business knowledge, skills, abilities and other characteristics that can boost the prospects of entrepreneurs to benefit customers and the economy. There is also a need to educate entrepreneurs on the management of SMEs in terms of how to balance growth, risk and profitability. To achieve this, domestic entrepreneurs in various developing countries need to be trained to learn and implement management by objectives (MBO) strategies in their business operations. Through this, they can increase their organisations' performance and help them align their goals with timelines and evaluate their performance. By building their capacity, entrepreneurs can develop the necessary character traits, discipline and skills to sustain and/or expand their businesses to move closer towards achieving realistic business goals.

Developing the human capital capacity of entrepreneurs and promoting entrepreneurial endeavours will help them transform themselves into competitive and sustainable entities in order to become the driving force of the economy, and aid the government's poverty reduction initiative.

Since information is of strategic value in achieving business effectiveness and efficiency for organisational competitiveness, the government should take all necessary steps to facilitate entrepreneurs' access to information that will enable them to improve their business performance. Information on existing services and schemes should be coherent and made easily accessible to SMEs by instituting a programme to help SMEs with identifying potential international suppliers and distributors. Locating efficient local suppliers can also help reduce time for delivery, transportation costs and after sales services. Information on financial support, and fiscal incentives, including those for investment in training and innovation, needs to be introduced and widely disseminated to all beneficiaries, especially SMEs in the rural areas. In every developing country, procedures for starting, transferring and closing a business need to be simplified. This implies reducing the time, cost and formalities needed for registering a company and lowering capital requirements. There is also a need to simplify the tender process to make it easier for SMEs to compete for contracts. Rules governing business activity must be transparent and applied uniformly without any biases regardless of an entrepreneur's party affiliation. The data on the operations of SMEs should be updated, bureaucratic bottlenecks in the registration of business also need to be removed and favourable microeconomic conditions to boost entrepreneurship and SMEs activities promoted. For example, in Ghana the

passage in December 2003 of the Public Procurement Law (Act 663) by the government which granted concessions to local businesses in the procurement process was a step in the right direction since it gives preferential treatment to local businesses so far as they have the capacity and meet the contract requirements. Since the public procurement system constitutes the largest domestic market, this new procurement law could channel resources to domestic enterprises and thus become a mechanism for SMEs' growth. It should however be pointed out that these benefits will be realised only if SMEs improve upon the quality of their products and meet market demand deadlines by customers. It is also imperative that the government reduces the cost of energy, lower taxes, import/export duties, and other costs that impede the sustainability and success of domestic SMEs and attract new investors to relocate their businesses from neighbouring countries in the sub-region.

b) Self-motivated Initiatives to Build Competitive Capacity of Entrepreneurs & SMEs

Entrepreneurs and SMEs in emerging and frontier economies must also be flexible to cope with the changing market environment, meet the changing technological needs of the global system, and meet the changing needs of their customers more effectively. Business owners must set their priorities right by not mingling their business with family issues, desisting from the negative cultural influences on business practices and make business growth their primary focus. While locating foreign markets for locally-produced goods is important for developing countries' socio-economic development, revitalising the domestic market and promoting the patronage of locally-produced goods should be a first step in this process since this will strengthen the financial base of SMEs and have a positive effect on the economy. To deal with the challenge of gaining a greater market share, there is a need for entrepreneurs to implement their business strategies more effectively and efficiently by identifying a target market for their products/services, and reducing their costs to create value for their customers, or producing quality goods and services that are in high demand, or integrating both quality and price for their potential customers. It is also prudent to conduct market testing for their goods and services, even before investing in the products and services. This could help SMEs have readily available clientele for their products in order to expand their customer-base and grow at a fast pace. To strengthen entrepreneurs and SMEs financially, technologically and gain greater market share in the global marketplace, the SMEs with the help of government should seek more international suppliers and customers, and establish partnerships with foreign firms for technology transfer from the foreign firms. This partnership will help local SMEs to learn about best practices of domestic and international companies. By combining business, corporate and global strategies, it will be vital for local entrepreneurs to take some level of responsible risk in investment and business expansion. Entrepreneurs and SMEs need to modernise their business operations by moving away from traditional enterprises to industrial and technological-based enterprises. It is also important for governments to help develop and empower new entrepreneurs to ensure that a new breed of enterprises that are more in tune with modern technology and industrial development, with a more informed and modern outlook than traditional enterprises can provide. Since the availability of market for goods and services greatly determines a business' viability, access to market is one of the major constraints confronting SMEs.

It is necessary that SMEs are afforded the opportunity to have easy access to markets for their products both locally and internationally. Creating access to new domestic and foreign markets should be complemented by high quality standards to ensure the production and supply of high quality goods by the SMEs. This study also suggests that local entrepreneurs need to build their capacity and their organisations' standards to meet international best

practices by using new technologies and modern management techniques to respond effectively to customer demands and new global trends in business competitiveness. Domestic firms could also take advantage of the technological innovation in business through the emerging e-commerce/e-business to keep pace with trends in global markets. No matter what business one may intend to set-up and operate, opening an electronic store-front or online website will make it more accessible to local customers and enable potential customers across the globe to view one's products catalogue, price lists, and other information.

c) Need to Plan Well and Set Realistic Goals to Accomplish Set Objectives

Entrepreneurs and managers of SMEs in developing countries also need to set specific, measurable, attainable, realistic and timely objectives in order to stay competitive and profitable. To be competitive against large firms, SMEs must set high goals because a low goal exerts low motivational force and setting specific objectives in line with the high goal may offer the entrepreneurs a much greater chance of being accomplished. To make such objectives attainable is not just setting them, but entrepreneurs need to identify the objectives that are most important to them and figure out how to achieve them. Establishing concrete measurable criteria for assessing progress toward the attainment of each objective by developing different attitudes, knowledge, abilities, and skills could help SMEs to stay on track and reach the greater part of their set goals. Through these initiatives, new opportunities can be attained when the necessary steps are taken to establish a time frame that allows the entrepreneurs to carry out their plan successfully. Indeed, one needs to be both willing and able to work towards one's goals and show substantial progress in reaching them through the achievement of the related objectives. Entrepreneurs need to accomplish the objectives set and examine the necessary conditions in order to accomplish their goals. An objective should also be grounded within a time frame to give it a sense of urgency. Entrepreneurs' objectives can also be tangible when they make them specific, measurable and attainable. These objectives can be met successfully if they are well-planned on their daily, weekly, monthly, quarterly, mid-year and annual activities to track progress based on set targets as well as by setting up reminders such as to-do lists, daily planners, and other forms of record keeping. This study argues that to be successful, entrepreneurs must understand their business strategy and develop effective marketing strategies.

Conclusions – The Way Forward

This chapter sets out to investigate the prospects and challenges of entrepreneurship and SMEs' development and the effect of entrepreneurial orientation and personality on performance, and how to address these challenges more effectively to serve as the engine of developing countries' industrial and socio-economic growth in the 21st Century. As the case of Ghana has shown, the benefits of the various NBSSI and MASLOC programmes and services demonstrate how greater commitment by the government can help make SMEs the foundation for job creation, economic resource redistribution and propel the country into an economic, industrial and technological giant in Africa. This chapter contends that new, dynamic and more aggressive private sector development policies, viable loan schemes and management training programmes must be provided by governments in developing countries and their development partners to build the financial and managerial capacity of SMEs in order to make them sustainable, and ultimately, enhance their contribution towards the broader society. If developing countries' governments' initiatives are to have significant impacts on SMEs, then government policy should be strengthened in this area to ensure that the numerous challenges facing SMEs are addressed adequately and appropriately to

enhance the prospects and potential of achieving socio-economic development. As comparable studies have shown, the challenges in the promotion of entrepreneurial activities and SMEs highlighted in the study can be attributed to similar challenges facing entrepreneurs and SMEs in the developing world in general.

Through these recommendations, various governments in the developing world could develop appropriate policies that could go a long way to redistribute much-needed resources to entrepreneurs and SMEs. Based on this chapter's findings, it could be argued that the NBSSI and MASLOC initiatives have not been successful enough to propel SMEs in Ghana to facilitate their growth and expansion and make them competitive globally. For this reason, it is important that the government takes a second look at existing policies and strategies and redesign effective ones to facilitate entrepreneurship development, new business start-ups and SMEs growth. This chapter concludes with the view that domestic entrepreneurs and SMEs need to be an integral embodiment in government policies because unlocking private sector potential is key to sustained economic growth. With the dominance of neo-liberalism and capitalism in the contemporary global system, state enterprises cannot be the panacea for citizens' job needs or solving the myriad of societal problems. Support for entrepreneurs and SMEs is one of the effective tools that should be at the heart of any government's private sector development initiatives towards achieving the new 2016 Sustainable Development Goals (SDGs) agenda that have been introduced by the United Nations to replace the MDGs. This could help move frontier and emerging economies from economic stagnation into dynamic thriving economies and drive up the wealth of most citizens, particularly the poorest in the society. The chapter has shown that the promotion of entrepreneurial activities, in terms of the issues and analysis highlighted in the case of Ghana, can be linked to business start-ups and SMEs' operational challenges in other developing countries with similar experiences.

To motivate people to become entrepreneurs, they should be equipped with the prerequisite skills such as business start-up and management training, availability of funds, tax breaks and other incentives for business start-ups, making these support sufficiently available will help new entrepreneurs turn their ambition into successful business ventures. Evidence from this study identified in the empirical analysis shows that like many developing countries, government's support for new entrepreneurs and SMEs in Ghana has not been very successful due to politicisation, corruption and favouritism in the administration of funds to SMEs. The study concludes with the view that while there are signs of optimism for new business start-ups in developing countries, to develop a comprehensive approach towards promoting entrepreneurial ventures to help them develop into healthy firms, a supportive framework and enabling conditions must be created by developing country governments based on three levels – the individual entrepreneurs, the firm and society in general. By taking these findings and recommendations into consideration could help governments in developing countries to develop appropriate policies that could also go a long way to redistribute entrepreneurial activities in both the rural and urban locations and help address some of the variation factors in rural/urban business start-ups. The study's findings, along with policy implications as suggested in the concluding section contribute to the literature on the challenges and opportunities in the development of new business start-ups in developing countries. Examining the challenges facing entrepreneurs and SMEs and suggesting possible solutions to address these problems could help policy makers and development practitioners in Ghana to redesign appropriate policies to support entrepreneurs and SMEs. This step will help build the capacity of new entrepreneurs and SMEs to contribute significantly towards the developing economies' socio-

economic development in the 21st century. More importantly, the success of Ghana's private sector development initiatives could significantly help other African countries' use the model as the basis for reviewing their private sector development policies. The outcome of this study could have implications for potential entrepreneurs, managers, academics and policy makers. This study will also serve as guidance for policy making and provide a framework for future research on entrepreneurship development and facilitate SMEs operations in the developing world.

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