HUMAN FACTORS CHALLENGE IN ENTREPRENEURSHIP DEVELOPMENT: AN EXPLORATIVE STUDY IN A DEVELOPING ECONOMY CONTEXT

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ABSTRACT

This study explored the barriers to entrepreneurial development in Ghana with the aim of building a knowledge base for successful entrepreneurship development initiatives in a developing economy context. An exploratory approach was used with both retrospective and qualitative data collected through a survey. The results showed that the functionalities of the numerous schemes initiated to support individual entrepreneurs’ growth were constrained due to the inherent constraints in the design of the guiding frameworks for such schemes. The study also showed that the several policies and structures initiated differently by various governments since Ghana’s independence in March 1959 could not help enhance entrepreneurial development, because the entrepreneurial environment created for entrepreneurship development was not very friendly to the individual entrepreneurs. By implication, the study provides learning on the need to bridge the distance that exist between the designers/implementers of entrepreneurship development policies/frameworks and the individual entrepreneurs (humans).

Keywords: Entrepreneurs; entrepreneurship development; entrepreneurial policy; entrepreneurial framework; developing economy; Ghana

INTRODUCTION

The challenge of stimulating and promoting entrepreneurship in most developing countries is a top priority on the policy-making agenda. In Ghana, several policies have been initiated differently by various governments since the country’s independence in March 1959 to provide structures aimed at enhancing entrepreneurial development. However, none of the policies seem to have provided the requisite support to entrepreneurs. Entrepreneurship as represented by micro, small and medium scale enterprises (MSME) has long been identified as an engine of economic growth in most developed economies, but as an instrument of social transformation in many developing counties (Klein and Hadjimichael 2003; Kreft and Soble, 2005). Extant literature abounds with studies from diverse disciplines that discuss the role of external environment in supporting the emergence of entrepreneurship. The argument that entrepreneurs are jointly constrained and enabled by institutions in their environment has been extensively recognized in the literature (Bruton and Ahlstrom, 2003; Scott, 2008). In respect to new organization, it has also been widely acknowledged that the institutional environment imposes constraints and delimits entrepreneurial opportunities, thus affecting the rate and extent of new venture creation (Aldrich and Zimmer, 1986; Gnyawali and Fogel, 1994; Aldrich, 2005; Hwang and Powel, 2005). Foster (1986) has also identified institutional factors, such as approving market incentives, and accessibility of capital in the external environment, to impact on entrepreneurial development. Baumol, Litan and Schramm (2009) have pointed out that insufficient institutional development can make new venture growth difficult. Soto (2000) also noted that a more developed institutional environment with excessively restrictive regulation can obstruct a firm’s formation.
According to Bruton, Ahlstrom and Li (2010), direct actions of government in constructing and maintaining an environment and social norms that are supportive of entrepreneurship development is an environmental factor that impact entrepreneurial efforts. According to Baumol et al. (2009), the level of entrepreneurial development in a society is directly related to the society’s regulations and policies that govern the allocation of rewards. Bruton et al. (2010) noted that governments can ensure the efficient functioning of markets by removing conditions that create entry barriers, market imperfection and unnecessarily stifling regulations. This therefore calls for government-developed institutional innovations to augment entrepreneurship development endeavors, which remains a challenge for most developing countries, such as Ghana. As noted earlier on, different governments in Ghana have over the years initiated several entrepreneurship development programmes most of which were replications of previous programmes and initiatives that have been reframed. The question that arises here and which this paper explores is as follows: can learning be made from the various Ghanaian entrepreneurship development initiatives that could be used in crafting a better entrepreneurship development framework? The purpose of this study therefore, was to investigate the institutional and structural barriers to entrepreneurial development in Ghana in order to build a knowledge base for successful entrepreneurship development initiatives in the immediate future.

**LITERATURE REVIEW**

Institutions, which could be broadly defined as regulatory structures, governmental agencies, laws courts and professions (Scott, 1987) can also be viewed as clusters of moral beliefs that configure power (Veciano and Urbano, 2008). Institutions could also be viewed as sharing the common attributes of designing authority which is primarily not backed by sheer force, but rather by customs (Ayers 1952). North (1991) viewed institutions as humanly devised constraints which provide the structure for political, economic and social interaction. According to North (1991), institutions consist of both informal constraints (values, norms, sanctions, taboos, customs, traditions, and codes of conduct) and formal rules (constitutions, law economic rules, property rights and contract.) North (1991) made a crucial distinction between institutions and organisations. While the institutions set the rules and define the way the game is played whereas the organisations are the players, organisations provide structures for human interaction which are political, economic and social oriented (North 1991). In this respect, North (1991) argued that individuals may be discouraged if they are (i) forced to comply with too many rules and procedural requirements, (ii) expected to report to an array of institutions and (iii) to spend substantial time and money in fulfilling documentation requirements. This paper therefore employs the sociological/organisational view of institutions while acknowledging the existence of the economic political stream and the somewhat different assumptions inherent in the different institutional traditions (Bruton et al., 2010).

**Institutional Theorization**

Institutional theory has been used as a theoretical guide for examining issues in different research fields spanning from institutional economics and political science to organization studies (DiMaggio and Powell, 1991; Bruton et al., 2010). The application of institutional theory is varied among different schools of thought. Traditionally, institutional theory has been applied to understand how various groups and organizations better secure their positions and legitimacy by conforming to the rules and norms of the institutional environment (Meyer and Rowan, 1991; Scott, 2008). In the view of some scholars, institutional theory is used to identify how different organizations and groups conform to the rules and norms of the institutional environment in which they operate in order to secure their positions and legitimacy (for example, Meyer and Rowan, 1991; Kondra and Hinings, 1998; Scott, 2008; Bruton et al., 2010). Other scholars also viewed institutional theory as providing a platform for identifying regulatory, social, and cultural influences that promote organizational survival and legitimacy (for example, Roy, 1997; Ruef and Scott, 1998; Bruton et al., 2010; Ruef, 2010), rather than focusing solely on efficiency-seeking behaviour (Roy, 1997). Scott (2008) viewed an institution as a normative system composed of values and norms with established ground rules which people consciously follow and conform, and which can vary across cultures (Fang, 2010). Institutions thus exert influence by virtue of the social obligation to comply, which March and Olsen (1989) viewed as rooted in the expectation desired of the organization or an individual. In this context, institutions could be viewed as existing to guide behaviour by means of the rules, monitoring, and enforcement (North, 1990).
The rules provide guidelines for new entrepreneurial organizations and can lead to organizations complying with laws in the entrepreneurial firm’s region (Bruton et al., 2010). In this regard, institutions could be described as a model of organizational and individual behaviour based on obligatory dimensions of social, professional, and organizational interaction, and which guide behaviour by defining what is appropriate or expected in various social and commercial situations (Bruton et al., 2010). Therefore, an institution represents a cognitive model of individual behaviour that is based on subjectively constructed rules and meanings that limit appropriate beliefs and actions (DiMaggio and Powell, 1991; Scott, 2008). In this regard, an institution may operate at the individual level in terms of culture and language (Carroll, 1965: Scott, 2008), as well as other behaviours that individuals take for granted, without much thinking (DiMaggio and Powell, 1991: Meyer and Rowan, 1991). This cognitive perspective of the institution has gained importance in entrepreneurship research in terms of how societies accept entrepreneurs, inculcate values, and even create a cultural environment whereby entrepreneurship is accepted and encouraged (Harrison, 2008: Li, 2008, Bosma, Acs, Autio, Coduras, and Levie, 2009: Thornton, Ribeiro-Soriano and Urbano, 2011). Scott (2008) opined that the institutional perspective of entrepreneurial research directs attention to the variant rules, norms, and beliefs that influence organizations across countries and cultures. In this respect therefore, it is important to understand entrepreneurship research and practice fully by finding out what is institutionalized (i.e. which activities, beliefs, and attitudes are being taken for granted and which ones are not) and the enabling or constraining impact it has on entrepreneurship in the environment (Bruton and Ahlstrom, 2003).

**Institutionalization of Entrepreneurship**

Access to resources is central to the success of a new venture (Bhide, 2000). Though resources are important for the growth of the firm, Baumol et al. (2009) argued that industrial issues, such as culture, legal environment, economic incentives, tradition and history can all impact the firm and, by implication, entrepreneurial success. Zucker (1977) has argued that institutions form the logic by which laws, rules, and behavioural expectations that are taken for granted appear natural and abiding. According to North (1990), institutions guide behaviour by means of the rules of the game, monitoring, and enforcement. These regulative components stem primarily from governmental legislation and industrial agreements and standards (Bruton et al., 2010). In this regard, Meyer and Rowan (1991) noted that institutions create expectations that determine appropriate actions for organizations. Institutions therefore, define what is appropriate in an organization by rendering other actions as unacceptable or even beyond consideration (DiMaggio and Powell, 1991). According to DiMaggio and Powell (1983, 1991), institutions are comprised of rules, such as regulatory structures, governmental agencies, laws, courts, professions, scripts and other societal and cultural practices that exert conformance pressures. In North’s (1990) perspective, institutions are made of formal sets of rules. Institutions have also been perceived as less formal shared interaction sequences (Jepperson, 1991), and assumptions that are taken for-granted (Meyer and Rowan, 1991), but which both individuals and organizations are expected to follow. Bonchek and Shepsle (1996) also viewed institutions as agreements that start with uncertainty, but which are resolved in the course of events. Scott (1994) viewed institutions as having the following three components: (i) meaning systems and related behaviour patterns, (ii) symbolic elements, and (iii) regulatory processes.

Based on this perspective, Scott (1995) suggested that institutions have cognitive, normative/cultural, and regulative structures as well as activities that provide stability and meaning in social behaviour. In this respect, therefore, Scott (1995) viewed institutions to be transported by various carriers (such as, cultures, structures, and routines), and also operating at multiple levels of jurisdiction. Scott (1995) has noted that the regulative structures of institutions are made up of laws, regulations, rules, and government policies which promotes certain types of behaviour and restricts others. According to Veciana and Urbano (2008), the regulative processes consist of rule-setting, monitoring, and sanctioning activities. The sanctioning activities involves the capacity to establish rules, inspect or review how other rules conform to the established rules, and as necessary, use the medium of rewards and punishments to influence future behaviour (Veciana and Urbano, 2008). The normative/culture element of an institution encompasses the social norms, values, beliefs, and assumptions about human nature and human behaviour carried by individuals who are socially shared (Scott, 1995). Therefore, the normative/culture element defines the institutional goals or objectives, and also designates the appropriate ways to pursue them (Scott, 1995).
The cognitive element of institutions is reflected by the cognitive structures and social knowledge that are shared by individuals in the same institutional environment, and thus represent the institutional rules that constitute the nature of reality and the frames through which meaning is made (Scott, 1995). Veciana and Urbano (2008) viewed Scott’s (1995) three pillars as eliciting three related, but distinguishable bases of legitimacy. According to Veciana and Urbano (2008), the regulative emphasis is on conformity to rules, with legitimate organizations being those established by and operating in accordance with relevant legal or quasi-legal requirements. Veciana and Urbano (2008) viewed the normative conception as stressing a deeper, moral base for assessing legitimacy, with normative controls being more likely to be internalized than regulative controls, and incentives for conformity being likely to include both intrinsic and extrinsic rewards. Both Baumol et al. (2009) and Soto (2000) have noted that while some societies have norms that facilitate and promote entrepreneurship as well as its financing, others often unknowingly, discourage entrepreneurship by making its development difficult. The application of institutional theory has thus, proven helpful to entrepreneurial research. Institutional theory has played a major role in helping to explain the forces that shape entrepreneurial success (Ahlstrom and Bruton, 2002; Peng, 2006). In a review of entrepreneurship literature that employs institutional theory in understanding the status of the field, Bruton et al. (2010) found that though institutional theory has proven highly useful in entrepreneurship, its use has reached a point that suggests a need to establish a clearer understanding of its wide-ranging implications for entrepreneurship research. In this context, institutional theory can be used to understand entrepreneurship development challenges in a developing economy, especially, the issue of how the institutional context promotes or inhibit (i) the emergence of entrepreneurs, (ii) the rate of new firms creation, and (iii) new firm growth and development.

**METHODOLOGY**

**Data collection**
Both retrospective and qualitative data were collected. Employing a qualitative approach, data has been drawn from interviews conducted in Ghana with eleven (11) implementers of governmental policy/frameworks, support organizations for entrepreneurship development in Ghana and entrepreneurs. The interviews were tape recorded (with prior consent from respondents) with an average interview time of one hour. The retrospective data was sourced from Ghana Government policy documents on innovation and entrepreneurship from 1957 to 2001. These included documents containing government policy statements, speeches from government ministers and their representatives, as well as official publications and documentations by quasi government agencies as well as other stakeholders involved in entrepreneurship development in Ghana. These included the Venture Capital Trust Fund Activity Venture Finance, Bedrock Venture Capital Finance, Fidelity Capital Partners and Gold Venture Capital Limited, the National Board for Small Scale Industries (NBSSI), Export Development Fund, EMPRETEC, Business Support Services, MASLOC and Ghana Private Sector Development Credit Facility.

**Data Analysis**
Drawing on concepts from entrepreneurship research, the data was analyzed using Miles and Huberman’s (1994) flow model components consisting of: data reduction, data display and conclusion drawing/verification.

**RESULTS**
The results are analyzed from the perspectives of the following: (i) historical analysis of institutional entrepreneurship development in Ghana, (ii) appraisal of structural framework for Ghanaian entrepreneurship development, and (iii) appraisal of stakeholders’ perspectives on entrepreneurship development process.

**Historical Analysis of Institutional Entrepreneurship Development in Ghana**
The collated data showed that several programs and initiatives to stimulate and support entrepreneurship have been initiated in Ghana by various governments since the country’s independence in the year 1957.
The first President of Ghana, Kwame Nkrumah initially supported private enterprise, but in 1960, Nkrumah announced that his government would place far greater emphasis on Ghanaian cooperatives rather than encourage Ghanaians to start private sector business enterprises. The National Liberation Council’s (NLC) government, which overthrew Nkrumah’s government, showed concern for local entrepreneurs when in 1968 with a policy document entitled “The Promotion of the Ghanaian Business Enterprise” was published. Yet still, under this policy, several small scale enterprises went bankrupt due to the credit squeeze and devaluation that resulted from adhering to conditions attached to International Monetary Fund (IMF) loans the government had taken out to restore the country’s economy. The Busia government which replaced the NLC in 1969 was credited as the first (at least post independence) to extensively draw policies and establish bodies to aid in developing the Ghanaian entrepreneur. In this vein, the Ghana Enterprises Development Commission and Small Business Credit Scheme were established to help Ghanaian manufacturing enterprises to obtain credit for their operations. During the 1980s, the Rawlings government which initially appeared to be opposed to entrepreneurship, however, sought to encourage small scale industries and liberalize the economy, but the open and uncontrolled importation of finished goods however put many local industries out of business. In the year 2000 for example, the Kuffour government sought to make the private sector the engine of growth in the Ghanaian economy by embarking on a number of policies which aimed at driving and encouraging entrepreneurship. This included promoting, developing and sustaining growth of micro and small enterprises (SMEs) and training graduates to establish their own micro and small enterprises. In as much as these initiatives are laudable in themselves, there appear to be a number of barriers which are working behind the growth and development of entrepreneurship in Ghana probably as a result of the lack of understandings of the challenges posed by structural inconsistencies. Evidently Ghanaian entrepreneurs must overcome structural barriers in the creation and management of their businesses if they are to be successful. Clearly, the economic, social and cultural environment within which men and women operate businesses has an important influence on their personal values, strategic options at their disposal and ultimately the performance of their businesses.

**Appraisal of Structural Frameworks for Ghanaian Entrepreneurship Development**

There are various structural frameworks in place for entrepreneurship development in Ghana. These included the Venture Capital Trust Fund and its intermediary institutions, National Board for Small Scale Industries, Export Development Fund, Business Development Specialist Fund, and Ghana Private Sector Development Facility were established by an Act of Government and an Act of Parliament. EMPRETEC is a company limited by liability but receives governmental support in its activities towards enterprise development.

**The Venture Capital Trust Fund**

The Venture Capital Trust Fund (VCTF) was established by an Act of Government and an Act of Parliament in (ACT 680) 2004 as a government initiative to provide “low cost” financial resources for the development of small and medium enterprises in Ghana. The government’s vision for creating this scheme is that it will “enrich businesses with enough resources so that the businesses in turn can create jobs. Consequently with enough wealth and jobs created, government would increase (through taxes) and ultimately add to the pool of funds available to be down streamed to businesses”. The main criterion for accessing this fund is the “viability of the project” and as a qualification it should constitute Small and Medium Scale Enterprise limited to any economic activity operations with total assets not exceeding one million cedis or its US equivalent excluding land and building. “Sometimes the policy of the Board of Trustees as by the Act is based upon the Development Agenda of the government so if the government wants to stress development for example in Agriculture, and if there are viable opportunities there then that is included in the priority sectors of the VCTF. Usually between four or five priority sectors are set where 55 percent of the available resources are concentrated. Every project sponsored by VCTF must meet the qualification of “potential for success.” The VCTF is managed by a nine member board of trustees appointed by the President of Ghana in consultation with the council of State. The fund has an administrator who is also a member of the Board.
The government of Ghana created an endowment fund of GH¢ 22.4 million and the Trust Fund leveraged its resources “Government endowment of GH¢ 22.4 million” to partner with the private sector [referred to as Public Private Partnership] to create four (4) venture capital finance companies resulting in additional funds of approximately GH¢ 34.5 million from the private sector. As a result of this Public Private Partnership, the venture capital industry now has total funds of GH¢ 56.9 million to be sourced out by the SME. The format for providing the resources to the beneficiary qualified investee companies is through third party intermediary institutions called Venture Capital Finance companies. Venture Capital Financing Company is a company incorporated under the Companies code 1963 (179) and has the sole authorized business of “assisting in the development of Small and Medium Scale Enterprises by making equity and quasi-equity investment and providing technical and managerial expertise to these small businesses in which it has made or proposes to make eligible investment.” These are companies that source money from the VCTF and then transit it to the beneficiaries who qualify.

**Venture Capital Financing Companies**

The four Venture Financing Companies that involved with the VCTF fund are: Activity Venture Finance, Bedrock Venture Capital Finance, Fidelity Capital Partners and Gold Venture Capital Limited. These financial companies act as fund managers and their main task is to invest these monies in “viable opportunities”. Besides entrepreneurs going to access funds, Venture Financing also “seek out” for companies that are doing well but may be having financial and technical challenges. Their operations are bounded within the regulations of the Trust Fund Act. The funding size ranges between 25000 dollars to a maximum of 500,000 dollars, the investment is in the form of share holding; the funding provided is not in the form of a loan, it is in the form of taking minority equity stake in a company. The entrepreneur who is the promoter must provide 51 percent shareholding whilst they provide 49 per cent. On occasions they are able to lend money to a business but only in a situation where the financing companies are already shareholders in the business. They are mandated by the shareholders [the private contributors to the fund] to invest for five years, (fund life of five years) after which they exit the company and then return their shares to the original owners or possibly list it on the stock exchange.

**National Board for Small scale Industries (NBSSI)**

The National Board for Small Scale Industries was established in 1985 by an Act of Parliament of the Third Republic of Ghana (Act 434 of 1981), to act as a body for the promotion and development of the Small and Medium Scale Enterprises (SMEs) in Ghana. The activities of NBSSI fall into two broad categories: financial and non-financial services. Financial services aim to improve NBSSI clients’ banking culture and accounting practices. They also include extending credit through its loan schemes to entrepreneurs for both working capital and the acquisition of fixed assets. Non-financial services are advanced by Business Advisory Centers (BACs) [under the auspices of the entrepreneurship development department], which are the extension wings of the NBSSI operating across the country. BACs provide relevant information, training and guidance to individuals; there are five BACs offices “which are the doors through which the public can enter and access NBSSI packages.” The packages include training, counseling, and small credits and also do development of associations especially associations that are in a certain trade areas. Training in technical areas: managerial, entrepreneurial, developing and strengthening associations, then there is also entrepreneurial training, to sensitize people to go into entrepreneurship called ‘start your business workshop’ and one that helps the entrepreneur to develop very keen entrepreneurial skills called ‘entrepreneurship development programme. According to NBSSI (1999) newsletter, the government of Ghana, in pursuing the development of entrepreneurship skills did establish the National Board for Small Scale Industries (NBSSI) in 1985. The NBSSI among other things was to address problems, which inhibit the successful operation of Small-Scale Industries and identify potential private entrepreneurs to be developed and supported in all respects.

**Microfinance and Small Loans Centre**

The Micro Finance and Small Loan Centre (MASLOC) was launched in September 2006 by the government of Ghana under the auspices of NBSSI to provide micro credit and small loans to the productive poor of the population. The objective of the scheme is to support government’s programme of a sustainable reduction in poverty.
MASLOC has branches in all ten regions of Ghana and they operate through the BACs whose functional officers are the Financial Extension Officers or Assistants who operate at the grassroots [villages or the localities where the poor or the perceived productive poor live] to offer advice and guidelines in accessing the loans.

**Export Development and Investment Fund (EDIF)**
The Export Development and Investment Fund (EDIF) was set up by an Act of Parliament in year 2000 but it became operational in year 2001 the main aim is to promote the export trade in Ghana. There are two main products that EDIF offers: credit facility and a grant facility. Entrepreneurs can access the credit facility through designated financial institutions recommended by the Bank of Ghana, currently all the banks in Ghana are designated financial institutions. Any individual entrepreneur wishing to access an EDIF credit facility has to go to any of the designated financial institutions to pick an application form, fill the form and show proof that she or he has the intention of exporting products. By way of qualification, the entrepreneur must have a contract to export and must also show that she or he has the ability to export. The company must be at least fifty one percent owned by Ghanaians since the fund is mainly to assist Ghanaians to export Ghanaian products to bring in foreign currency. EDIF lends the money to the banks so the prospective entrepreneur takes their application and proposal to the banks which is similar to accessing a bank loan, the entrepreneur therefore must satisfy all the conditions because the banks bear the credit risk of hundred per cent. Under the circumstance the banks would want to take calculated risks and ensure that they are covered. Once the banks indicate that the promoter is qualified, they will send the application and their recommendation to EDIF indicating that Mrs. X has applied and qualifies (and of course it has to be a company) and thus recommend that an EDIF credit facility be granted. The Banks then perform their own due diligence and then if they are satisfied then the Board will approve the facility which is lent to the bank at two and a half percent and then the bank adds ten percent and lends it to the entrepreneurs. The grant facility on the other hand is given to associations, research institutions and government initiatives all in a bid to promote the export trade. The EDIF Fund advance financial support to the Ghana Export Promotion Council and they in turn train exporters who want to go into farming to develop specific crops, they give these entrepreneurs specialized training and also help them with the marketing of the products. As a policy EDIF does not get involved directly with the entrepreneurs rather the sponsorship is provided through The Ghana Export Promotion Council.

**Business Development Specialist Fund**
The Business Development Specialist (BDS) Fund is one of the interventions of the government of Ghana, the World Bank and the International Finance Corporation under the Medium, Small and Micro Enterprises (MSME) project in 2007. The aim of the MSME is to offer assistance to small businesses to thrive and to become more competitive. The BDS fund was set up under the MSME project and given the task to distribute 4.4 million dollars to small businesses in Ghana and this money goes to help them develop their capacity and also develop their marketability and competitiveness on the international front to pay for the cost of securing technical assistance for their enterprises. The fund has been structured to offer technical assistance which is administered through a consultant. The consultant identifies the needs of the entrepreneur and articulates these needs in the form of proposal to be put forward to the BDS fund for sponsorship. The fund provides 50 percent whilst the entrepreneur also provides the additional 50 percent of the cost of services provided. For example if a company needs a website and consults a website designer instead of the entrepreneur solely bearing the full cost of the services provided she or he can apply to the BDS fund under the MSME project [through a consultant] and the BDS fund will pay 50 per cent of the consultancy fee.

**Ghana Private Sector Development Facility**
This initiative is a government of Ghana, government of Italy credit facility collaboration. The project has been in two phases: first phase started in 2003 and ended in 2007; the second phase was launched in May 2008. Primarily the fund is to help small and medium scale enterprises and the focus is mainly for agro processing and all enterprises registered in the production sector. In some cases those in the service sector can also access this fund. The fund is capital equipment fund or facility. The Ghana government has made this provision to support enterprises which have prepared themselves to take off and they need assistance in a form of capital equipment. Enterprises submit a business proposal which is then
forwarded to a local financial intermediary, which can be a private commercial bank or private local leasing company and must be a local financial enterprise that has signed the framework loan lending agreement with the Bank of Ghana. Depending on the relationship between the individual enterprise and the bank an interest rate is agreed upon, the amount an individual or an enterprise is requesting for should not be less than 25000 euro and it should not also be more than 550,000 thousand euro.

Empretec

Empretec was established in Ghana in 1990 by the United Nation Conference on Trade and Development (UNCTAD). It was established as a project spanning over three years with the assistance of Barclays Bank of Ghana, Ghana government and the UNDP. Beyond the three years when the project life ended the management of the programme decided to institutionalize Empretec and converted it into a company limited by guarantee and it has since 1993 been a company limited by guarantee but still holding the franchises that UNCTAD has for all the Empretec programmes worldwide. Its core functions are to train SMEs in enterprise development and the operational and managerial efficiencies of their companies and also to provide these organisations business development support services. Entrepreneurs who have the ability to pay for these services have direct access to Empretec’s services since it is mainly private.

Appraisal of Stakeholders Perspectives on Entrepreneurship Development Process

It emerged from the interviews that some of the entrepreneurship development frameworks highlighted in section 2 above were adopted from other economies without contextualizing them to fit the Ghanaian sociocultural environment. The guiding policies for the numerous frameworks were therefore drawn up without taking into account the perspectives of the potential beneficiaries (i.e. entrepreneurs). In the end, the policies became dysfunctional and thus made implementation difficult. Most of the interviewees who happened to be policy implementers alluded to the fact that in most situations, individual entrepreneurs or their associated platforms are not consulted by the policy formulators during the developmental phase of the entrepreneurial policy frameworks. Such consultations are rather done with contracted external consultants. In this regard, most of the policy implementers interviewed intimated the constraints they encounter in the functional implementation of most of the entrepreneurial policy frameworks developed in Ghana over the years. As it was noted by an interviewee:

Consultants draw these policies for us. They do not consult the people. They do not take the issue from the bottom, but rather come up with things that are already working somewhere. They do not realize that there are cultural issues and other things so the implementation issues become difficult.

This therefore makes it difficult for the designed frameworks to provide the requisite support base for entrepreneurship development in Ghana. In this regard therefore, if structures evolving from the designed frameworks are constrained, then their implementation also becomes a problematic. A sense of this problem as experienced by entrepreneurs is reflected by the following interviewee comment:

When you start your business as an entrepreneur, you face a lot of problems. You see so many challenges in front of you. It is like you want to get somewhere, but then realize that you have to walk on stones. By the time you forget about the hardship of walking on the stones, you then realize that you have a river that is infested with crocodiles to cross in order for you to successfully get to the other end of the shore. So that is how the entrepreneur’s life is.”

It emerged from the interviews that entrepreneurial assistance (partnership) obtainable from the Venture Capital requires the entrepreneur to buy forty-nine percent equity share of the business. For the partnership to begin, the entrepreneur cedes a portion of this equity to the ventured. This is the premise on which the venture facility was designed, as it is explained in the following comments:

The Venture Capital is a public private collaboration which is composed of the government of Ghana and privately pooled resources to create the fund. When we are going to invest, we have an iron clad agreements that identifies roles and responsibilities. What we will do and what we expect the individual entrepreneur to do.
So we all come to an agreement. Before we sign the agreement, we ask the entrepreneur to bring along with him/her a financial analyst and a lawyer because we want him/her to understand the process.

And:

We do not just give the entrepreneur money, and then go and sit down to look how he/she manages the business. We make input into the way decisions are taken relative to the entrepreneur’s business strategy and management approach in terms of procedures, governance practices and all that. We are at the forefront of managing the business, but lot of entrepreneurs not really comfortable with this support approach.

This therefore means that the entrepreneur has to disclose all immediate and future plans of the business to the venture. The implication being that the venture may choose to re-direct the path of entrepreneurs' businesses against their will. A sense of this is provided by the following interviewee’s comment:

There is an aspect of the Venture Capital Trust Fund that does not interest me so much. Once they come into your business they get a stake in that. They are not just going to sit back and finance it. They want to be a partner and I am not comfortable with that. It may work for some other people, but not me.

The indication here is that entrepreneurs do not want to lose the autonomy of running their enterprise, since doing that could risk the eventual control of the business by supporting institutions.

**DISCUSSION**

The results analyzed in the previous section are discussed here from the perspectives of identifying the inherent challenges that are associated with the guide model for entrepreneurship development in Ghana. Appraisal of the institutional frameworks in section 4.2 above indicates that there are so many initiatives to support entrepreneurship endeavors in Ghana, however the synergies among all these initiatives is not clear. Besides the framework within which all these initiatives showing how they contribute to a larger goal in order that entrepreneurs in general can be guaranteed that ones they are involved in private enterprise in Ghana, they will obtain various forms of ready support are not clearly defined. The structural characteristic of entrepreneurship development in Ghana over the years is summarized in figure 1 below.

![Figure 1: Structural characterization of entrepreneurship development in Ghana](image-url)
Figure 1 above shows the various structural frameworks in place for entrepreneurship development in Ghana. The institutional structures are designed using similar entrepreneurship development framework which can be generalized as indicated in figure 2 below:

Figure 2: Existing framework for entrepreneurship development in Ghana

The analysis of the initiatives, structures and frameworks designed by the various governments of Ghana to promote entrepreneurship development showed that they followed similar institutional pattern. Going by North’s (1990) argument that institutions guide behaviour by means of the rules of the game, monitoring, and enforcement, then the inability of a structure/institution model on this pattern to produce the desired effect/impact to promote entrepreneurship is indicative of model ineffectiveness. The existing model in figure 2 indicates is a missing link between the entrepreneur and the policy structure. There is disconnection between formulators of the entrepreneurial institutions and structures and the end-users (i.e. entrepreneurs) who are the targeted beneficiaries of this system. Rather, the entrepreneurs are deal with intermediary mechanisms that connects with the policy source to disseminate information. From the views of the entrepreneurs, the Ghanaian social system of wanting to be “all-in-all” stops this flow of information which makes it difficult for other entrepreneurs to have access. Institutional frameworks supporting entrepreneurship endeavors in Ghana have inherent problems in their design and implementation having being designed along similar institutional model as indicated in figure 2 above. There is no clearly defined framework which shows how entrepreneurs are readily supported towards private enterprising enhancement in Ghana. Since partnership is a strategic association or affiliation between two or more people, partnerships that thrive are frequently based on trust, equality, and mutual understanding and obligations. In partnership contracts each partner is obliged to have equal rights and share in the business activities depending on the types of agreements they enter into and therefore the individuals’ ability to sign harmonious agreements are crucial for the effective functioning of the business venture. This means that the entrepreneurs, as private individuals, inject their own money into creating a venture capital fund and would obviously wish to make a profit from such an investment. Thus, the Ghanaian entrepreneurial environment is very challenging. There are enormous schemes to support a lot of burgeoning entrepreneurs, but whose functionalities were challenged due to constrains inherent in the design of their guiding frameworks, as summarized in figure 2. The distance that exist between the entrepreneurs and the framework designers means the formulated policies and structures created have constrained functionalities towards addressing entrepreneurs real needs and challenges, and by implication, entrepreneurship growth and develop.
In this respect therefore, both policy and structural remedies towards enhancing entrepreneurship development in Ghana could be derived by bridging the distance that exist between entrepreneurship development policies/frameworks designers/implementers and the entrepreneurs (humans), as highlighted in figure 3 below.

Figure 3: Human-oriented framework for effective entrepreneurship development

Arguing from the perspectives of Scott (1995), regulative structures of institutions are expected to be made up of laws, regulations, rules, and government policies that could help promote certain types of entrepreneurial behaviour. In this vein, the bridging of this gap (highlighted by the broken arrows) could be attained through the creation of interactive platforms such as workshops, forums and also frequent empirical research. By relating this interactive medium to Scott’s (1995) observations, the culture element of the entrepreneurship development institutions will entail the social norms, values, beliefs, and assumptions of the human nature and behaviour carried by individual the entrepreneurs. Thus, bridging the gap between the designers/implementers of entrepreneurship development policies/frameworks and the entrepreneurs will create an interactive loop that allows for consensual engagement among all stakeholders in the entrepreneurship development process. Such consensual engagement important relate positively to Scott’s (1995) argument that cognitive element of institutions is reflected by the cognitive structures and social knowledge that are shared by individuals in the same institutional environment.

In this respect therefore, the interactive loop in figure 3 above could facilitate the formulation of institutional rules for entrepreneurship development that reflects the reality and the frames through which entrepreneurs make meaning of the entrepreneurship development moderating system. This could result in the creation of functional structures that accommodates the expectation of all key players, especially the individual entrepreneurs towards small business growth and national development, and which will facilitates the sanctioning of the regulative characteristics of future-oriented entrepreneurship development policies and frameworks. This is because, such the sanctioning activities of such regulative characteristics involves the capacity of the entrepreneurship framework designers and implementers to establish functional rules as well as review how other rules conform to the established rules (Veciana and Urbano, 2008) towards influencing future entrepreneur behaviour.
CONCLUSION
The discussion above has shown that efforts by policy-makers in a developing economy, such as in Ghana, towards crafting policies that can stimulate and promote entrepreneurship development still remains a challenge. As it is highlighted in the discussion, the functionalities of the numerous schemes initiated to support individual entrepreneurs’ growth were constrained due to the inherent constraints in the design of the guiding frameworks for such schemes. This finding is an indicator as to why the several policies and structures initiated differently by various governments since the Ghana’s independence in March 1959 could not help enhance entrepreneurial development. Thus, because the entrepreneurial environment created for entrepreneurship development was not very friendly to the individual entrepreneurs, It is concluded that, in the developing economy context, such as the Ghanaian setting, entrepreneurial success does not solely depend on how entrepreneurship is institutionally structured, but also on the policy-makers’ understanding of the ingrained characteristics of the individual entrepreneurs.

IMPLICATION
The outcome of this study stand to provide policy makers leading entrepreneurship development efforts in developing economies with ideas on how the lack of interaction between the entrepreneurs and the framework designers results in the formulation of policies and also the creation of structures that fails to impact positively on entrepreneurship growth. The study outcome also provides learning on the need to bridge the distance that exist between the designers/implementers of entrepreneurship development policies/frameworks and the individual entrepreneurs (humans).

REFERENCE


