Globalization and Competitiveness: Challenges of Small and Medium Enterprises (SMEs) in Accra, Ghana

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Abstract
Globalization, increased competitive pressure and rapid technological changes have brought the business world to a point in history and thus, the Small and Medium Enterprise (SMEs) sector in Africa and Ghana are the hardest hit and are now experiencing new challenges as they attempt to globalize their operations and become competitive. The objective of this study was to establish the extent to which the challenges affect small and medium enterprises’ globalization and competitiveness in Ghana. The Kendall’s Co-efficient of Concordance was conducted in assessing the level of agreement on the extent to which the various challenges affected their enterprises in globalization and competitiveness. The study revealed that globalisation and competitiveness of the SMEs was affected greatly by the level of competition and increasing technology. The study recommended that the SMEs have to put in place the right strategies in order to embrace the changing circumstances in the world market place.

Key Words: Globalization, Competitiveness, Small and Medium Enterprises

1.0 Introduction
Globalization has led to the spread of business and cultural activities across the globe. The term is rather confusing. Globalization is used by some to refer to the efforts of the International Monetary Fund (IMF), the World Bank and others to create a global free market for goods and services. However, many believe the current situation is of a fundamentally different order to what has gone before. Craig and Douglas (1995) assert that globalization is no longer an abstraction but a stark reality that virtually all firms, large and small, face. The researchers further suggest that in order for the SMEs to survive in the 21st century they must confront this all encompassing force that pervades the global environment. In a wide range of industries from manufacturing to food and clothing, firms face the pressures of global competition at home as well as in international markets. Choosing not to participate in global markets is no longer an option. Therefore, all firms must anticipate, respond and adapt to the competitive environment the world over.

According to Yip (1995), globalization has largely been perceived as the preserve of large multinationals with operations in all parts of the global market. Of key importance to all firms is the need to remain responsive to local markets, while at the same time achieving global efficiency through integrating and coordinating operations across world markets and allowing for the transfer of learning from operations in one part of the world to another (Prahalad and Doz, 1987). Scholte (2000) and Bataoel (2003) report that globalization has triggered an economic order, describing ways in which business concepts and events are organized around the world. It thus amounts to an effective opening up of national borders for economic activities.

Pasricha (2005) suggests that the world has become a global market place that is open to everyone. It is a state whereby national boundaries turn totally porous with respect to the movement of goods and services.
1.1 Statement of the Problem

With increased economic interconnection has come a deep-seated world change to the extent that poorer nations have become even more dependent on activities of the developed nations of the world. To this extent, there has also been a shift in power away from the nation state and towards multinational corporations. Globalization involves the diffusion of ideas, practices and technologies. It is widely recognized that Small and Medium Scale Enterprises (SMEs) form the backbone of the private sector at all levels of developing countries and Ghana is no exception. Greenan, Humphreys, and McIvor (1997) noted, “The contribution of small and medium sized enterprises towards economic performance is now universally accepted as significant” (p 208). As per statistics from the United Nations Economic Commission for Africa 2010, Ghana's Gross Domestic Product (GDP) grew at an annual rate of 5.4 percent between 2001 and 2007. Such impressive performance has partly contributed to the robust growth of the SME sector in Ghana. Given this fact, Ghana has attracted many global/international firms entering the market with superior products, for example, clothing, electronics and many other items. When these high quality products are put to compete in the Ghanaian market, they get a higher acceptance than those from local firms. This hinders the Ghanaian SMEs from competing effectively against other players.

Research shows that majority of small and medium enterprises in Ghana are dominated by the owner/manager who takes all major company decisions. The entrepreneur possesses limited formal education, access to and use of new technologies, market information, and access to credit from the banking sector is severely limited. Furthermore, management skills are weak, thus inhibiting the development of a strategic plan for sustainable growth. A study by King and McGrath (2002) suggests that those with more education and training are more likely to be successful in the SME sector. Greenwald and Kahn (2005) suggest that that competitiveness of SMEs has been constrained by a range of well-known and studied factors which include size, limited managerial capacity and their inability to obtain information about the market. Despite the few studies that have been conducted on SMEs in Ghana, no study has addressed the extent that the challenges have affected the firms in their attempt to join globalization and become competitive in the market place. It was with this in mind that this study was conducted to understand the extent of these challenges on SMEs in Ghana.

1.2 Research Questions

In recognizing the aforementioned research problems, the study sought to look into the research qualities in Accra.

1. What are the background characteristics of the SMEs under studied?
2. To what extent did the challenges if any, affect SMEs in globalization and competitiveness?

1.3 Objectives of the study

The study specifically set the following objectives in order to find answers to the research questions set.

1. To describe the background characteristics of SMEs used for the study.
2. To establish the extent to which the challenges affect SMEs in globalization and competitiveness.

2.0 Literature Review

2.1 Globalization

The concept of globalization now cuts across the entire spectrum of academic thinking as it is being defined differently by different scholars. For example, Levitt’s (1983) in his seminal paper describes globalization as a common village. Despite the fact that globalization has now been in use for several years, its contemporary connotation is rooted in the study of international relations (Burns and Holden, 1995; Youell, 1998). According to Bayo (2000), globalization is a process that affects firms, industries, economies and nations. It is reported that globalization will heighten the level of interconnectedness between and among nations through a systematic integration of autonomous economies into a global system of production and distribution (Levitt, 1983). Therefore, globalization refers to the shift toward a more integrated and interdependent world economy.

2.2 SMEs in Africa

Most economies in both developed and developing countries acknowledge the role and importance of SMEs in generating employment, stimulating growth and creating social cohesion. Moreover, interest in SMEs also seems to have been further revived in the face of globalization, which is increasingly becoming an influential force in world trade.
Because of their flexibility and quick adaptability to change, SMEs are viewed as instruments capable of responding to globalization. While it is true that globalization creates opportunities for SMEs to be effectively involved in global markets, it also poses numerous challenges and problems.

Czinkota et al. (1983) argue that SMEs are weak in Africa because of small local markets, entry of many firms into their markets with sometimes superior products, undeveloped regional integration and very difficult business conditions, which include cumbersome official procedures, poor infrastructure, dubious legal systems, and unattractive tax regimes - or difficult business conditions. That is, many firms stay small and informal and use simple technology that does not require great use of national infrastructure. This is a fact that hinders them from becoming competitive in the market place.

2.2.1 SMEs in Ghana

Available data from the Registrar General in Ghana indicates that 90% of companies registered are micro, small and medium enterprises (Mensah 2004). This target group has been identified as the catalyst for the economic growth of the country as they are a major source of income and employment.

Analogous to the situation in other countries though, Kayanula and Quartey (2000) state that there is no single, uniformly acceptable, definition of a small firm in Ghana as these firms differ in their levels of capitalization, sales and employment. Hence, definitions which employ measures of size (number of employees, turnover, profitability, net worth, etc.) when applied to one sector could lead to all firms being classified as small, while the same size definition when applied to a different sector could lead to a different result. Kayanula and Quartey in their research however, identified a number of common definitions used when referring to SMEs in Ghana that could be used for purposes of this essay. These definitions are summarized below:

The Ghana Statistical Service (GSS) considers firms with less than 10 employees as Small Scale Enterprises and their counterparts with more than 10 employees as Medium and Large-Scale Enterprises. An alternative criteria used in defining small and medium enterprises is the value of fixed assets in the organization. However, the National Board of Small Scale Industries (NBSII) in Ghana applies both the fixed asset and number of employees criteria. It defines a Small Scale Enterprise as one with not more than 9 workers, has plant and machinery (excluding land, buildings and vehicles) not exceeding 1000 Ghana Cedis. From these definitions however, it would be prudent for purposes of this study to note that the process of valuing fixed assets in itself poses a problem as continuous depreciation in the exchange rate often makes such definitions out-dated.

It is further noted that SMEs in Ghana can be categorized into urban and rural enterprises. The former can be subdivided into 'organized' and 'unorganized' enterprises. The organized ones tend to have paid employees with a registered office whereas the unorganized category is mainly made up of artisans who work in open spaces, temporary wooden structures, or at home and employ little or in some cases no salaried workers. They rely mostly on family members or apprentices. Rural enterprises are largely made up of family groups, individual artisans, women engaged in food production from local crops. The major activities within this sector include:- soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin-smithing, ceramics, timber and mining, bricks and cement, beverages, food processing, bakeries, wood furniture, electronic assembly, agro processing, chemical based products and mechanics (UNECA 2010, Kayanula and Quartey 2000).

Among their many roles, SMEs in Ghana have been crucial in mobilizing funds which otherwise would have been idle (Kayanula and Quartey 2000). The authors further point out that SMEs have been recognized as a seed-bed for indigenous entrepreneurship, are labor intensive, employing more labor per unit of capital than large enterprises and promote indigenous technological know-how. Furthermore, due to their regional dispersion and their labor intensity, argument goes that small scale production units can promote a more equitable distribution of income than large firms in Ghana. They also improve the efficiency of domestic markets and make productive use of scarce resources and thus facilitating long term economic growth. This definition covers a range of establishments. For example, most SMEs are slowly and steadily moving towards embracing the technology evidenced everywhere in the major Ghanaian towns with the rate at which cyber café and other information and communication technology businesses are coming up.

2.3 Globalization and Competitiveness

According to Samuelson and Nordhaus (2001) competitiveness refers to the extent to which a nation’s goods can compete in the market place, which largely depends on the relative prices and quality of domestic vis-a-vis foreign goods and services.
That is, a firm’s products and services must have an edge over other competitors for continued survival in the marketplace. Today, globalization has increased competitive pressures on all firms. Together with rapid technological change, globalization has altered the environment in which firms operate.

While globalization offers unprecedented opportunities for firms to act successfully, it simultaneously heightens the risks for firms lagging behind. Thus, in an open and liberalized world, increasing firm competitiveness has become a major challenge to the SMEs.

On the other hand, competitiveness has become a central concern in an increasingly open and integrated global economy. Porter (1990) defines the concept as firm’s ability to attract and maintain activity which increases the prospects for achieving a competitive edge. Krugman (1994) refers to competitiveness as a complex, multidimensional and multilevel concept while scholars like Greenwald and Kahn (2005) agree that competitiveness can refer to the ability of firms to compete for markets, resources and revenues. Although globalization enhances a firm's market opportunities, it also increases the amount and level of competition faced by such firms. Trade liberalization, technological developments, and convergence of governmental macroeconomic policies associated with globalization have made it easy for firms around the globe to enter different geographic markets, and thus, intensify the competitive atmosphere for firms around the world (Hafsi, 2002; Harvey et al., 2002).

2.4 Challenges of Globalization

According to Organization for Economic Co-operation and Development (OECD,1997) the process of globalization has presented new opportunities for those enterprises most able to respond flexibly and adaptively to rapidly changing regional and global markets but, it has also presented new challenges. It presents large and small firms with a number of challenges which may influence their competitive advantage in a global market. This is likely to determine how readily the SMEs can achieve economies of scale and scope as well as realize synergies from operation in an ever changing environment. It is generally recognized that SMEs face unique challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to participate in globalization and competitiveness. There are many problems inherent in SME operations in Africa and Ghana. Some of the challenges include;

2.5 Market Liberalization and Competition

According to Adrien (2005) liberalization of markets is influenced by globalization, which is the free flow of factors of production across borders. Globalization is today forcing companies to compete at global standards of efficiency, productivity and quality. With its advent, most markets are now open to free trade thereby increasing competition in each market making it almost impossible for SMEs from the less developed countries like Ghana to survive the stiff competition. As markets open up and become more integrated, the pace of change accelerates, technology shrinks distances between markets and reduces the scale advantages of large firms making all markets accessible, thus creating new sources of competition. It has generally been noted that, through cross-border trade and investment, Ghanaian consumers have been buying more foreign goods and most local traders have found themselves selling goods from other countries. Their local markets have been invaded with secondhand and cheaper products, especially textiles and clothing, electronics among others particularly from China, South East Asia and the Western countries. To this extent, small scale enterprises have been even more vulnerable than larger enterprises from the effects of liberalization, globalization and competition.

2.6 Information Technology

Globalization has come with advancement in information technology which has resulted in the opening and exposure of the people of the world to more fronts than ever before. According to Levitt (1983), a powerful force drives the world toward a converging commonality and that force is technology.

It has facilitated communication, transport and travel. Almost everyone everywhere wants all the things they have heard about, seen, or experienced via the new technologies. Change of technology has posed a great challenge to small and medium enterprises. Since the mid-1990s there has been a growing concern about the impact of technological change on the work of SMEs.

Even with change in technology, many small businesses appear to be unfamiliar with new technologies particularly those in the less developed countries. On the contrary, foreign firms still remain in the forefront in accessing the new technologies.
Most of the African nations, including Ghana, the challenge of connecting indigenous small enterprises with foreign investors and speeding up technological upgrading still persists. The researchers reiterates that there is a digital divide between the rural and urban Ghana, and with no power supply in most of the rural areas, it is next to impossible to have Internet connectivity and access to information and networks that are core in any enterprise.

2.7 Market Environment

Globalization has dramatically changed the business landscape facing both large and small firms throughout the world. In addition, the impact of industrial activity on the environment has also heightened, adding to the complexity of doing business in today's world. The basic competitive challenge to SMEs in the emerging global environment is how to participate in global markets in a way that leads to sustained profitability. The emerging global environment is changing in fundamental ways including the very nature of exports. The world market place today is faced with market liberalization, accelerating technological change, more intense and diversified market demands, increasing mobility of capital all leading to a more complex and demanding competitive environment at home and abroad. Ohmae (1995) and Drezner (1998) assume that globalization has dissolved borders and rendering the nation-state and traditional concepts of sovereignty irrelevant or obsolete. Aina (1999) states that globalization is a complex process that has created new conditions of proximity, intensity and even intimacy with what used to be a distant far away.

The turbulent environment poses new challenges to managers that require different organizational responses depending on the degree of involvement in global business particularly, new forms of packaging, demand for recycling, more efficient use of resources, greater responsibility for protecting the environment, as well as to educate consumers and to develop more user friendly products are all compounding the tasks and demands placed on the SMEs. Through globalization, companies have also faced stiffer competition from larger multinationals hence rendering most of the local companies less competitive (Porter, 2008). Wanjohi and Mugure (2008) also indicate that business environment is among the key factors that affect the growth of SMEs.

3.0 Methodology

The quantitative approach and the survey method of collecting data was used. A structured interview schedule was administered through the face-to-face interview. A sample of 250 small firms that employ not more than 50 workers within the metropolis of the capital, Accra was selected randomly and interviewed, out of 320 questionnaires sent. Data was collected from the managers or owners of the businesses who carried out the firms’ daily activities. Data was collected through the use a semi structured interview. The questionnaire was used as a main procedure to gather accurate, less biased data and increased the quality of data being collected (Sekaran, 2006). The study employed descriptive statistics, percentages and mean scores. The key challenges that affect the SMEs were identified and measured using 5 point Likert scale ranging from Very High denoted by 5 to Not at All denoted by 1. This scale tested the extent to which the managers perceived the challenges as being very extensive or critical on their operations. Mean scores were calculated to determine the challenges affecting SMEs and helped in identifying the factors with the highest weights.

4.0 Findings and Data Analysis

The study was conducted with the aim of describing the background characteristics of SMEs in Accra and the extent to which the challenges mentioned below affected SMEs in their attempts to globalize their operations. From the analysis, it is evident that SMEs in Ghana are facing hindrances that make them unable to compete well with other firms in the global arena.

4.1 Background characteristics of the SMEs

The analysis of objective one was done using descriptive statistics mainly frequency percentages to represent the background characteristics of the enterprises in Accra.

4.1.1 Categories of Business

A total of 250 SMEs were categorized as follows; food and beverage -51, textile and leather- 68, retail and wholesale - 66, real estate - 24 and commerce - 41. (See Table 1)
Table 1: Showing the Categories of Business

<table>
<thead>
<tr>
<th>Business type</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food &amp; Beverage</td>
<td>51</td>
<td>20.4</td>
</tr>
<tr>
<td>Textiles &amp; Leather</td>
<td>68</td>
<td>27.2</td>
</tr>
<tr>
<td>Retail &amp; Wholesale</td>
<td>66</td>
<td>26.4</td>
</tr>
<tr>
<td>Real Estate</td>
<td>24</td>
<td>9.6</td>
</tr>
<tr>
<td>Commerce</td>
<td>41</td>
<td>16.4</td>
</tr>
</tbody>
</table>

Table 1 shows the trade types of SMEs interviewed. The predominant trade type identified in the survey was the manufacturing comprising over 53% and the remaining made up of the service sector. This affirms the work of Kayanula and Quartey (2000), that major activities within this sector includes fabrics, clothing and tailoring, textile and leather, timber and mining, bricks and cement, beverages, food processing, wood furniture, electronic assembly, agro processing, chemical based products and spare parts dealers, mechanics, among others.

4.1.2 Age of the Firm

The results of the study (see fig.1) indicated that out of the 250 enterprises interviewed, 38 (15.2%) had been in existence for less than 5 years, 122 (48.8%) firms between 5 and 10 years and 90 (36.0%) firms over 10 years. This showed that over 80% firms had been in existence for more than 5 years experiencing the challenges from the globalized market with increased levels of competition in their backyards.

4.1.3 Ownership of Business

In Ghana, several researches has proved that SMEs is dominated by sole proprietorship and are normally owned by the indigenes. From Table 2 below, 179 (71.6%) of the respondents were Ghanaian owners/managers and 71 (28.4%) were foreign owners/managers. This study affirms the views of these researches.

Table 2: Showing the Ownership of Business

<table>
<thead>
<tr>
<th>Ownership</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign owned</td>
<td>71</td>
<td>28.4</td>
</tr>
<tr>
<td>Indigenous owned</td>
<td>179</td>
<td>71.6</td>
</tr>
</tbody>
</table>

4.1.4 Number of workers employed

In the survey as illustrated in Fig 2 below, 133 (53.2%) of the enterprises interviewed, employed people between 1 and 9. This might be as a result of limited capital investment made by the entrepreneur. This confirmed to some extent the assertion that firms less than 10 employees are small scale enterprises (Kayanula and Quartey 2000). With 89 (35.6%) employ between 10 - 20 people whiles 28 (11.2%) employ between 20 - 50 people.

These employment issues are permanent and some are in the form of contract which involved work and pay issues at the local level. It was also revealed that most SMEs in Ghana tend to have majority of the employees as relatives of the owners.
4.2. The Extent to Which Challenges Affect Globalization and Competitiveness

The second objective was to establish the extent to which the challenges affect SMEs in globalization and competitiveness. The focus was to establish the extent of challenges that affect SMEs in their attempt to become globalised and competitive. The results from table 3 below, reveal assertion by majority of the respondents that, all the enumerated problems have either high or very high negative effect on their business in pursuit of globalization and competitiveness.

Table 3: Percentage Distribution of Challenges and Extent to Which the Challenges Affect Globalization and Competitiveness of SMEs (N= 250)

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Not at all</th>
<th>Very low</th>
<th>Low</th>
<th>High</th>
<th>Very high</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfavorable Government Policies &amp; Regulation</td>
<td>11.2</td>
<td>20.4</td>
<td>7.2</td>
<td>23.6</td>
<td>37.6</td>
<td>3.560</td>
<td>1.445</td>
</tr>
<tr>
<td>Poor Infrastructure</td>
<td>4.0</td>
<td>15.2</td>
<td>8.8</td>
<td>28.0</td>
<td>44.0</td>
<td>3.928</td>
<td>1.223</td>
</tr>
<tr>
<td>Insufficient Market Knowledge</td>
<td>5.6</td>
<td>12.4</td>
<td>7.6</td>
<td>33.6</td>
<td>44.0</td>
<td>3.916</td>
<td>1.218</td>
</tr>
<tr>
<td>Changing Technology</td>
<td>1.2</td>
<td>3.6</td>
<td>11.2</td>
<td>25.2</td>
<td>58.8</td>
<td>4.368</td>
<td>0.905</td>
</tr>
<tr>
<td>Increased Competition</td>
<td>0.8</td>
<td>1.6</td>
<td>4.8</td>
<td>31.6</td>
<td>61.2</td>
<td>4.508</td>
<td>0.735</td>
</tr>
</tbody>
</table>

Scale: 1 = Not at all; 2 = Very Low; 3 = Low; 4 = High; 5 = Very High

While a total of 61.2% of the 250 respondents claimed that unfavorable government policies and regulations affected their business highly (23.6%) and very highly (37.6%), only 27.5% of them view it as either low or very low, while 11.2% of them did not think it was a challenge at all. In terms of poor infrastructure being a challenge, only 4.0% of the respondents regarded it as not a challenge. About a quarter (24.0%) viewed the extent of its negative effect to their business as either low or very low and more than 7 out of every 10 respondents asserted that poor infrastructure highly or very highly very highly affected their attempt to globalization and competitiveness. Similarly, insufficient marketing knowledge was pointed out to have negative influence on globalization and competitiveness of SMEs in Accra. While more than a third of the respondents stated that the extent of effect is high, 40.8% said it was very high. Only 5.6% did not view it as a challenge to their enterprises, and 12.4% and 7.6% of them indicated that though it is affecting their enterprises, the extent was very low and low respectively. The role of market information to the survival and penetration of global market is very important for any business enterprise.

Changing technology reveals that majority of the respondents are very highly affected (58.8%) and a quarter of them were highly affected while only a few rated its negative effect as to be low (11.2%), very low (3.6%) and not at all (1.2%). Similar to changing technology, the extent to which increased competition was affecting the respondents business enterprises was viewed as very high (61.2%), high (31.6%), low (4.8%) very low (1.6%) and not at all (0.8%). SMEs development is hampered by a number of factors, including finance, lack of managerial skills, equipment and technology, regulatory issues, and access to international markets (Aryeetey et al, 1994; Gockel and Akoena, 2002).
From table 3 the mean extent of challenges affecting SMEs revealed that the most critical challenge is the increased competition (mean score of 4.51). This is because most markets have opened their borders for free trade thereby increasing entrants into the Ghanaian market. This was followed by technological advancements (mean of 4.37), poor infrastructure (mean of 3.93), insufficient market knowledge (3.916) and unfavorable government policies and regulations (3.560). Thus all the extent of the challenges affecting the SMEs in globalization and competitiveness ranges from high to very high.

In assessing the level of agreement among the respondents on the extent to which the various challenges affected their enterprises in globalization and competitiveness, the Kendall’s Coefficient of Concordance was conducted. The result is presented in table 4.(see below).

**Table 4: Extent of Agreement among Respondents on the Challenges to Globalization and Competitiveness**

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Mean Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfavorable Government policies &amp; Regulations</td>
<td>2.08</td>
<td>5</td>
</tr>
<tr>
<td>Poor Infrastructure</td>
<td>2.75</td>
<td>3</td>
</tr>
<tr>
<td>Insufficient Market Knowledge</td>
<td>2.70</td>
<td>4</td>
</tr>
<tr>
<td>Changing Technology</td>
<td>3.64</td>
<td>2</td>
</tr>
<tr>
<td>Increased Competition</td>
<td>3.83</td>
<td>1</td>
</tr>
</tbody>
</table>

**Test Statistics**

- Kendall’s W: .464
- Chi-square: 464.348
- Asymptotic significance: .000

The result reveals that only 46.4% of the respondents were unanimous in rating the extent of the challenges confronting them on globalization and competitiveness. This shows that the respondents had varied opinions on the extent to which the five challenges affect their various enterprises. Thus, what is seem by an individual to be her or his highest challenge to globalization and competitiveness might be seen by another person as less a challenge. This might be due to the fact that, these respondents had varied categories of enterprises they engaged in; ranging from Food and Beverage to Real Estates. In appreciation of their diverse businesses, it is not unexpected that some of them may have unique problems peculiar to their distinct business types. Since their economic backgrounds varied, this might influence the low Kendall’s W or their low agreement on the ranking of the challenges. Thus they do not belong to the same business categories hence the differences in opinions about the challenges they face. Even though, the Kendall’s W is not high ($KC = .464$), it is still significant ($p < .0001$). The levels of significant means that some of them had common problems and this cannot be ignored.

In terms of technology, SMEs often have difficulties in gaining access to appropriate technologies and information on available techniques (Aryeetey et al., 1994). In most cases, SMEs utilize foreign technology with a scarce percentage of shared ownership or leasing. They usually acquire foreign licenses, because local patents are difficult to obtain.

Regulatory constraints also pose serious challenges to SME development and although wide ranging structural reforms have led to some improvements, prospects for enterprise development remain to be addressed at the firm-level. The high cost of settling legal claims, and excessive delays in court proceedings adversely affect SME operations. In the case of Ghana, the cumbersome procedure for registering and commencing business are key issues often cited. The World Bank Doing Business Report (2006) cited in Abor & Quartey (2010), indicated that it takes 127 days to deal with licensing issues and there are 16 procedures involved in licensing a business in Ghana. It takes longer (176 days) in South Africa and there were 18 procedures involved in dealing with licensing issues. Meanwhile, the absence of antitrust legislation favors larger firms, while the lack of protection for property rights limits SMEs’ access to foreign technologies (Kayanula & Quartey, (2000).

Other constraints SMEs face include: lack of access to appropriate technology; the existence of laws, regulations and rules that impede the development of the sector; weak institutional capacity and lack of management skills and training (Sowa et al., 1992; Aryeetey et al., 1994; Parker et al., 1995; Kayanula & Quartey, 2000).
5.0 Discussions and Conclusion

The SMEs that participated in this study acknowledged that they faced various challenges that affect their attempts to join globalization and be competitive. From the study, increasing level of competition, technology, poor infrastructure were the top three cited challenges affecting SMEs in Accra.

Hence with over 46.4% of the respondents agreeing to the ranking of the challenges, it can be confidently stated that, the highest challenge facing the respondents in their attempt to go into globalisation and competitiveness, is increased competition. This is followed by changing technology, poor infrastructure, insufficient market knowledge and unfavourable government policies and regulations, in that order.

In conclusion, globalization and competitiveness is highly crucial for the survival of SMEs in Ghana in order to be at par with the rest of the firms from across the world now that the market place is open to all players.

Thus, in an increasingly globalization and in the face of competition from bigger firms with plentiful resources, the survival and growth of the SMEs hinge on the formulation of effective competitive strategies. However, for SMEs to fully develop and use this potential, they need to have a global look, develop strategies for success and improve ways of gathering information about the global market to ensure their competitiveness. Appropriate strategies, such as developing networking relationships with other firms, must be carefully designed and implemented in order to take advantage of global market opportunities and minimize the challenges from increasing competitive intensity.

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